

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 000-56284

Grayscale[®] Digital Large Cap Fund LLC

MANAGED BY GRAYSCALE INVESTMENTS, LLC

(Exact Name of Registrant as Specified in Its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

98-1406784
(I.R.S. Employer
Identification No.)

c/o Grayscale Investments, LLC

290 Harbor Drive, 4th Floor

Stamford, Connecticut 06902

(Address of Principal Executive Offices) (Zip Code)

(212) 668-1427

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Grayscale Digital Large Cap Fund LLC Shares	GDLC	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of Shares of the registrant outstanding as of October 31, 2022: 15,867,400

GRAYSCALE® DIGITAL LARGE CAP FUND LLC
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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” with respect to the financial conditions, results of operations, plans, objectives, future performance and business of Grayscale Digital Large Cap Fund LLC (the “Fund”). Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Quarterly Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Fund’s operations, the plans of Grayscale Investments, LLC (the “Manager”) and references to the Fund’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Manager made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. Whether or not actual results and developments will conform to the Manager’s expectations and predictions, however, is subject to a number of risks and uncertainties, including, but not limited to, those described in “Part II, Item 1A. Risk Factors.” Forward-looking statements are made based on the Manager’s beliefs, estimates and opinions on the date the statements are made and neither the Fund nor the Manager is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Investors are therefore cautioned against relying on forward-looking statements.

Unless otherwise stated or the context otherwise requires, the terms “we,” “our” and “us” in this Quarterly Report refer to the Manager acting on behalf of the Fund.

A glossary of industry and other defined terms is included in this Quarterly Report, beginning on page 39.

This Quarterly Report supplements, and where applicable amends, the Memorandum, as defined in the Fund’s Second Amended and Restated Limited Liability Company Agreement, for general purposes.

INDUSTRY AND MARKET DATA

Although we are responsible for all disclosure contained in this Quarterly Report on Form 10-Q, in some cases we have relied on certain market and industry data obtained from third-party sources that we believe to be reliable. Market estimates are calculated by using independent industry publications in conjunction with our assumptions regarding the digital asset industry and market. While we are not aware of any misstatements regarding any market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the headings “Forward-Looking Statements” and “Part I, Item 1A. Risk Factors” in the Annual Report on Form 10-K for the year ended June 30, 2022, filed with the Securities and Exchange Commission (the “SEC”) on September 1, 2022 (the “Annual Report”).

PART I – FINANCIAL INFORMATION:

Item 1. Financial Statements (Unaudited)

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF ASSETS AND LIABILITIES (UNAUDITED)
(Amounts in thousands, except Share and per Share amounts)

	September 30, 2022	June 30, 2022
Assets:		
Investments in digital assets, at fair value (cost \$133,233 and \$148,975 as of September 30, 2022 and June 30, 2022, respectively)	\$ 189,175	\$ 173,852
Total assets	\$ 189,175	\$ 173,852
Liabilities:		
Manager's Fee payable, related party	\$ -	\$ -
Total liabilities	-	-
Net assets	\$ 189,175	\$ 173,852
Net Assets consists of:		
Paid-in-capital	114,568	114,568
Accumulated net investment loss	(20,708)	(19,387)
Accumulated net realized gain on investments in digital assets	39,373	53,794
Accumulated net change in unrealized appreciation on investments in digital assets	55,942	24,877
	\$ 189,175	\$ 173,852
Shares issued and outstanding, no par value (unlimited Shares authorized)	15,867,400	15,867,400
Net asset value per Share	\$ 11.92	\$ 10.96

See accompanying notes to the unaudited financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
SCHEDULES OF INVESTMENTS (UNAUDITED)
(Amounts in thousands, except quantity of each Fund Component and percentages)

September 30, 2022

	Quantity	Cost	Fair Value	% of Net Assets
Investment in BTC	6,390.95397916	\$ 74,122	\$ 124,499	65.81%
Investment in ETH	40,611.49624623	19,636	54,318	28.71%
Investment in ADA	11,296,824.084095	15,562	4,869	2.57%
Investment in SOL	114,745.68138050	15,477	3,869	2.05%
Investment in AVAX	94,095.96756657	8,436	1,620	0.86%
Net assets		<u>\$ 133,233</u>	<u>\$ 189,175</u>	<u>100.00%</u>

June 30, 2022

	Quantity	Cost	Fair Value	% of Net Assets
Investment in BTC	6,231.43654040	\$ 70,529	\$ 117,743	67.73%
Investment in ETH	39,359.77040671	18,021	40,136	23.09%
Investment in ADA	10,916,582.900254	15,453	4,803	2.76%
Investment in SOL	111,216.13265694	15,421	3,557	2.05%
Investment in DOT	328,187.49357863	7,338	2,235	1.29%
Investment in AVAX	88,973.97836461	8,381	1,445	0.83%
Investment in LTC	23,725.08718334	1,794	1,220	0.70%
Investment in UNI	232,687.02308212	5,059	1,122	0.64%
Investment in LINK	158,987.59087114	4,686	960	0.55%
Investment in BCH	6,314.20828653	2,293	631	0.36%
Net assets		<u>\$ 148,975</u>	<u>\$ 173,852</u>	<u>100.00%</u>

See accompanying notes to the unaudited financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF OPERATIONS (UNAUDITED)
(Amounts in thousands)

	Three Months Ended September 30,	
	2022	2021
Investment income:		
Investment income	\$ -	\$ -
Expenses:		
Manager's Fee, related party	1,321	2,833
Net investment loss	(1,321)	(2,833)
Net realized and unrealized gain on investments in digital assets:		
Net realized (loss) gain on investments in digital assets	(14,421)	13,704
Net change in unrealized appreciation on investments in digital assets	31,065	88,242
Net realized and unrealized gain on investments in digital assets	16,644	101,946
Net increase in net assets resulting from operations	\$ 15,323	\$ 99,113

See accompanying notes to the unaudited financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC
STATEMENTS OF CHANGES IN NET ASSETS (UNAUDITED)
(Amounts in thousands, except change in Shares outstanding)

	Three Months Ended September 30,	
	2022	2021
Increase in net assets from operations:		
Net investment loss	\$ (1,321)	\$ (2,833)
Net realized (loss) gain on investments in digital assets	(14,421)	13,704
Net change in unrealized appreciation on investments in digital assets	31,065	88,242
Net increase in net assets resulting from operations	15,323	99,113
Increase in net assets from capital share transactions:		
Shares issued	-	935
Net increase in net assets resulting from capital share transactions	-	935
Total increase in net assets from operations and capital share transactions	15,323	100,048
Net assets:		
Beginning of period	173,852	367,308
End of period	\$ 189,175	\$ 467,356
Change in Shares outstanding:		
Shares outstanding at beginning of period	15,867,400	15,837,800
Shares issued	-	29,600
Net increase in Shares	-	29,600
Shares outstanding at end of period	15,867,400	15,867,400

See accompanying notes to the unaudited financial statements.

GRAYSCALE DIGITAL LARGE CAP FUND LLC

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. Organization

The Grayscale Digital Large Cap Fund LLC (the “Fund”) was constituted as a Cayman Islands limited liability company on January 25, 2018 (the inception of the Fund) and commenced operations on February 1, 2018. In general, the Fund will hold digital assets. Historically, and through the period ending June 30, 2022, a digital asset had been eligible for inclusion in the Fund’s portfolio if it satisfied market capitalization, liquidity and coverage criteria as determined by the Manager (as defined below). Effective July 1, 2022, and for the three months ended September 30, 2022, the Fund’s digital assets consist of digital assets that comprise the CoinDesk Large Cap Select Index (the “DLCS”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DLCS is designed and managed by CoinDesk Indices, Inc. (in this capacity, the “Index Provider”) as discussed in Note 5. As of September 30, 2022, the digital assets included in the Fund’s portfolio were: Bitcoin (“BTC”), Ethereum (“ETH”), Solana (“SOL”), Cardano (“ADA”), and Avalanche (“AVAX”) (collectively, the “Fund Components”). On a quarterly basis beginning on the second business day of January, April, July and October of each year, the Manager performs an analysis and may rebalance the Fund’s portfolio based on these results in accordance with policies and procedures as set forth in the Fund’s Limited Liability Company Agreement (the “LLC Agreement”). The Fund is authorized under the LLC Agreement to create and issue an unlimited number of equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund (“Shares”) (in minimum baskets of 100 Shares, referred to as “Baskets”) in connection with creations. The redemption of Shares is not currently contemplated and the Fund does not currently operate a redemption program. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. The Fund’s investment objective is to hold the top digital assets by market capitalization and for the value of the Shares to reflect the value of such Fund Components at any given time, less the Fund’s expenses and other liabilities.

From time to time, the Fund may hold cash in U.S. dollars and positions in digital assets as a result of a fork, airdrop or similar event through which the Fund becomes entitled to another digital asset or other property by virtue of its ownership of one or more of the digital assets it then holds (each such new asset, a “Forked Asset”).

Grayscale Investments, LLC (“Grayscale” or the “Manager”) acts as the Manager of the Fund and is a wholly owned subsidiary of Digital Currency Group, Inc. (“DCG”). The Manager is responsible for the day-to-day administration of the Fund pursuant to the provisions of the LLC Agreement. Grayscale is responsible for preparing and providing annual and quarterly reports on behalf of the Fund to investors and is also responsible for selecting and monitoring the Fund’s service providers. As partial consideration for the Manager’s services, the Fund pays Grayscale a Manager’s Fee as discussed in Note 8. The Manager also acts as the sponsor and manager of other investment products including Grayscale Basic Attention Token Trust (BAT) (OTCQB: GBAT), Grayscale Bitcoin Trust (BTC) (OTCQX: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Chainlink Trust (LINK) (OTCQB: GLNK), Grayscale Decentraland Trust (MANA) (OTCQX: MANA), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), Grayscale Filecoin Trust (FIL) (OTCQB: FILG), Grayscale Horizen Trust (ZEN) (OTCQX: HZEN), Grayscale Litecoin Trust (LTC) (OTCQX: LTCN), Grayscale Livepeer Trust (LPT) (OTCQB: GLIV), Grayscale Solana Trust (SOL), Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM), Grayscale Zcash Trust (ZEC) (OTCQX: ZCSH), Grayscale Decentralized Finance (DeFi) Fund LLC, and Grayscale Smart Contract Platform Ex Ethereum (ETH) Fund LLC, each of which is an affiliate of the Fund. The following investment products sponsored or managed by the Manager are also SEC reporting companies with their shares registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Grayscale Bitcoin Trust (BTC), Grayscale Bitcoin Cash Trust (BCH), Grayscale Ethereum Trust (ETH), Grayscale Ethereum Classic Trust (ETC), Grayscale Horizen Trust (ZEN), Grayscale Litecoin Trust (LTC), Grayscale Stellar Lumens Trust (XLM), and Grayscale Zcash Trust (ZEC). Grayscale Advisors, LLC, a Registered Investment Advisor and an affiliate of the Manager, is the advisor to the Grayscale Future of Finance (NYSE: GFOF) product.

Authorized Participants of the Fund are the only entities who may place orders to create or, if permitted, redeem Baskets. Genesis Global Trading, Inc. (“Genesis” or, in such capacity, an “Authorized Participant”), a registered broker dealer and wholly owned subsidiary of DCG, was the only Authorized Participant as of September 30, 2022, and was party to a participant agreement with the Manager and the Fund. Additional Authorized Participants may be added at any time, subject to the discretion of the Manager. Effective October 3, 2022, Grayscale Securities, LLC (“Grayscale Securities” or, in such capacity, an “Authorized Participant”), a registered broker-dealer and wholly owned subsidiary of the Manager, is the only Authorized Participant, and is party to a participant agreement with the Manager and the Fund. See Note 12 for additional information.

The custodian of the Fund is Coinbase Custody Trust Company, LLC (the “Custodian”), a third-party service provider. The Custodian is responsible for safeguarding the Fund Components and Forked Assets held by the Fund, and holding the private key(s) that provide access to the Fund’s digital wallets and vaults.

The transfer agent for the Fund (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The responsibilities of the Transfer Agent are to maintain creations, redemptions, transfers, and distributions of the Fund’s Shares which are primarily held in book-entry form.

On October 14, 2019, the Fund received notice that its Shares were qualified for public trading on the OTCQX U.S. Marketplace of the OTC Markets Group, Inc. (“OTCQX”). The Fund’s trading symbol on OTCQX is “GDLC” and the CUSIP number for its Shares is G40705108. The Fund’s previous trading symbol was “GDLCF” on OTCQX and was changed to “GDLC” on April 14, 2020.

On July 21, 2020, the Fund registered with the Cayman Islands Monetary Authority (reference number: 1688783). The Fund is registered and regulated as a private fund under the Private Funds Act (As Revised) of the Cayman Islands (the “Private Funds Act”).

2. Summary of Significant Accounting Policies

In the opinion of management of the Manager of the Fund, all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position as of September 30, 2022 and June 30, 2022 and results of operations for the three months ended September 30, 2022 and 2021 have been made. The results of operations for the periods presented are not necessarily indicative of the results of operations expected for the full year. These unaudited financial statements should be read in conjunction with the audited financial statements for the year ended June 30, 2022 included in the Fund’s Annual Report on Form 10-K.

The following is a summary of significant accounting policies followed by the Fund:

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The Fund qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, *Financial Services—Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not a registered investment company under the Investment Company Act of 1940. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

The Fund conducts its transactions in Fund Components, including receiving Fund Components for the creation of Shares and delivering Fund Components for the redemption of Shares and for the payment of the Manager’s Fee. At this time, the Fund is not accepting redemption requests from shareholders. Since its inception, the Fund has not held cash or cash equivalents.

Principal Market and Fair Value Determination

To determine which market is the Fund’s principal market (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value (“NAV”), the Fund follows ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

The Fund only receives Fund Components in connection with a creation order from the Authorized Participant and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to the Authorized Participant when assessing entity-specific and market-based volume and level of activity for Digital Asset Markets. During the three months ended September 30, 2022, the Authorized Participant may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB ASC Master Glossary (collectively, “Digital Asset Markets”). The Authorized Participant, as a related party of the Manager, provides information about the Digital Asset Markets on which it transacts to the Fund.

In determining which of the eligible Digital Asset Markets is the Fund’s principal market, the Fund reviews these criteria in the following order:

First, the Fund reviews a list of Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant. Neither the Fund nor the Authorized Participant has access to Digital Asset Exchange Markets that do not have a BitLicense and have access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.

Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and level of activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.

Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.

Fourth, the Fund then selects a Digital Asset Market as its principal market based on the highest market-based volume, level of activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the analysis, an Exchange Market has been selected as the Fund's principal market for each Fund Component.

The Fund determines its principal market (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market's trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market's price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund's determination of its principal market.

The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions, the payment of expenses in Fund Components or the sale of Fund Components when the Manager rebalances the Fund's portfolio. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager's Fee and selling Fund Component(s) when the Manager rebalances the Fund's portfolio.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the 'exit price') in an orderly transaction between market participants at the measurement date.

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1—Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.
- Level 2—Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.
- Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Fund.

(Amounts in thousands)	Amount at Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
September 30, 2022				
Assets				
Investment in BTC	\$ 124,499	\$ 124,499	\$ -	\$ -
Investment in ETH	54,318	54,318	-	-
Investment in ADA	4,869	4,869	-	-
Investment in SOL	3,869	3,869	-	-
Investment in AVAX	1,620	1,620	-	-
	<u>\$ 189,175</u>	<u>\$ 189,175</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2022				
Assets				
Investment in BTC	\$ 117,743	\$ 117,743	\$ -	\$ -
Investment in ETH	40,136	40,136	-	-
Investment in ADA	4,803	4,803	-	-
Investment in SOL	3,557	3,557	-	-
Investment in DOT	2,235	2,235	-	-
Investment in AVAX	1,445	-	1,445	-
Investment in LTC	1,220	1,220	-	-
Investment in UNI	1,122	1,122	-	-
Investment in LINK	960	960	-	-
Investment in BCH	631	631	-	-
	<u>\$ 173,852</u>	<u>\$ 172,407</u>	<u>\$ 1,445</u>	<u>\$ -</u>

3. Fair Value of Investments in Digital Assets

The Fund Components are held by the Custodian on behalf of the Fund and are carried at fair value. The following table represents the fair value of each Fund Component using the price provided at 4:00 p.m., New York time, by the relevant Digital Asset Exchange Market considered to be its principal market, as determined by the Fund:

Fund Component	Principal Market	September 30, 2022	June 30, 2022
BTC	Coinbase Pro	\$ 19,480.51	\$ 18,895.01
ETH	Coinbase Pro	\$ 1,337.53	\$ 1,019.72
ADA ⁽¹⁾	Coinbase Pro	\$ 0.43	\$ 0.44
SOL ⁽²⁾	Coinbase Pro	\$ 33.72	\$ 31.98
AVAX ⁽³⁾	Coinbase Pro	\$ 17.22	\$ 16.24
DOT ⁽³⁾⁽⁵⁾	Coinbase Pro	N/A	\$ 6.81
LTC ⁽⁵⁾	Coinbase Pro	N/A	\$ 51.43
UNI ⁽²⁾⁽⁵⁾	Coinbase Pro	N/A	\$ 4.82
LINK ⁽⁴⁾⁽⁵⁾	Coinbase Pro	N/A	\$ 6.04
BCH ⁽⁵⁾	Coinbase Pro	N/A	\$ 99.92

- (1) Effective July 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (2) Effective October 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL and UNI in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (3) Effective April 5, 2022, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase DOT and AVAX in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (4) Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund Construction Criteria. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.
- (5) Effective July 7, 2022, following adoption of the DLCS Methodology, the Fund removed DOT, LTC, UNI, LINK and BCH from the Fund's portfolio and sold the DOT, LTC, UNI, LINK and BCH holdings to purchase additional tokens of the remaining Fund

Components in proportion to their respective weightings. See Note 5. Portfolio Rebalancing for a description of the portfolio rebalancing.

The following represents the changes in quantity of each Fund Component and their respective fair values:

(Amounts in thousands, except BTC amounts)	Quantity	Fair Value
BTC balance at July 1, 2021	7,340.02142854	\$ 255,175
BTC contributed	13.24337963	612
BTC distributed from portfolio rebalancing	(955.65065367)	(40,252)
BTC distributed for Manager's Fee, related party	(166.17761410)	(7,160)
Net change in unrealized depreciation on investment in BTC	-	(125,363)
Net realized gain on investment in BTC	-	34,731
BTC balance at June 30, 2022	6,231.43654040	\$ 117,743
BTC contributed	-	-
BTC contributed from portfolio rebalancing	199.83559815	4,077
BTC distributed for Manager's Fee, related party	(40.31815939)	(857)
Net change in unrealized appreciation on investment in BTC	-	3,163
Net realized gain on investment in BTC	-	373
BTC balance at September 30, 2022	6,390.95397916	\$ 124,499

(Amounts in thousands, except ETH amounts)	Quantity	Fair Value
ETH balance at July 1, 2021	45,287.78133655	\$ 101,625
ETH contributed	77.55708625	252
ETH distributed from portfolio rebalancing	(4,990.48482039)	(12,204)
ETH distributed for Manager's Fee, related party	(1,015.08319570)	(3,080)
Net change in unrealized depreciation on investment in ETH	-	(59,012)
Net realized gain on investment in ETH	-	12,555
ETH balance at June 30, 2022	39,359.77040671	\$ 40,136
ETH contributed	-	-
ETH contributed from portfolio rebalancing	1,507.83089471	1,760
ETH distributed for Manager's Fee, related party	(256.10505519)	(388)
Net change in unrealized appreciation on investment in ETH	-	12,567
Net realized gain on investment in ETH	-	243
ETH balance at September 30, 2022	40,611.49624623	\$ 54,318

(Amounts in thousands, except ADA amounts)	Quantity	Fair Value
ADA balance at July 1, 2021	-	\$ -
ADA contributed	20,953.270382	46
ADA contributed from portfolio rebalancing	11,178,490.637538	15,389
ADA distributed for Manager's Fee, related party	(282,861.007666)	(392)
Net change in unrealized depreciation on investment in ADA	-	(10,650)
Net realized gain on investment in ADA	-	410
ADA balance at June 30, 2022	10,916,582.900254	\$ 4,803
ADA contributed	-	-
ADA contributed from portfolio rebalancing	451,468.279475	208
ADA distributed for Manager's Fee, related party	(71,227.095635)	(34)
Net change in unrealized depreciation on investment in ADA	-	(43)
Net realized loss on investment in ADA	-	(65)
ADA balance at September 30, 2022	11,296,824.084094	\$ 4,869

(Amounts in thousands, except SOL amounts)	Quantity	Fair Value
SOL balance at July 1, 2021	-	\$ -
SOL contributed	-	-
SOL contributed from portfolio rebalancing	113,222.94565799	15,869
SOL distributed for Manager's Fee, related party	(2,006.81300105)	(246)
Net change in unrealized depreciation on investment in SOL	-	(11,864)
Net realized loss on investment in SOL	-	(202)
SOL balance at June 30, 2022	111,216.13265694	\$ 3,557
SOL contributed	-	-
SOL contributed from portfolio rebalancing	4,253.16323862	155
SOL distributed for Manager's Fee, related party	(723.61451506)	(27)
Net change in unrealized appreciation on investment in SOL	-	256
Net realized loss on investment in SOL	-	(72)
SOL balance at September 30, 2022	114,745.68138050	\$ 3,869

(Amounts in thousands, except AVAX amounts)	Quantity	Fair Value
AVAX balance at July 1, 2021	-	\$ -
AVAX contributed	-	-
AVAX contributed from portfolio rebalancing	89,505.76684675	8,665
AVAX distributed for Manager's Fee, related party	(531.78848214)	(23)
Net change in unrealized depreciation on investment in AVAX	-	(6,936)
Net realized loss on investment in AVAX	-	(261)
AVAX balance at June 30, 2022	88,973.97836461	\$ 1,445
AVAX contributed	-	-
AVAX contributed from portfolio rebalancing	5,714.46623435	109
AVAX distributed for Manager's Fee, related party	(592.47703239)	(13)
Net change in unrealized appreciation on investment in AVAX	-	120
Net realized loss on investment in AVAX	-	(41)
AVAX balance at September 30, 2022	94,095.96756657	\$ 1,620

(Amounts in thousands, except DOT amounts)	Quantity	Fair Value
DOT balance at July 1, 2021	-	\$ -
DOT contributed	-	-
DOT contributed from portfolio rebalancing	330,149.03708006	7,576
DOT distributed for Manager's Fee, related party	(1,961.54350143)	(24)
Net change in unrealized depreciation on investment in DOT	-	(5,103)
Net realized loss on investment in DOT	-	(214)
DOT balance at June 30, 2022	328,187.49357863	\$ 2,235
DOT contributed	-	-
DOT distributed from portfolio rebalancing	(328,052.64509826)	(2,247)
DOT distributed for Manager's Fee, related party	(134.84848037)	(1)
Net change in unrealized appreciation on investment in DOT	-	5,103
Net realized loss on investment in DOT	-	(5,090)
DOT balance at September 30, 2022	-	\$ -

(Amounts in thousands, except LTC amounts)	Quantity	Fair Value
LTC balance at July 1, 2021	26,184.80079374	\$ 3,707
LTC contributed	47.39510812	9
LTC distributed from portfolio rebalancing	(1,901.21497737)	(281)
LTC distributed for Manager's Fee, related party	(605.89374115)	(83)
Net change in unrealized depreciation on investment in LTC	-	(2,315)
Net realized gain on investment in LTC	-	183
LTC balance at June 30, 2022	23,725.08718334	\$ 1,220
LTC contributed	-	-
LTC distributed from portfolio rebalancing	(23,715.33881688)	(1,177)
LTC distributed for Manager's Fee, related party	(9.74836646)	(1)
Net change in unrealized appreciation on investment in LTC	-	574
Net realized loss on investment in LTC	-	(616)
LTC balance at September 30, 2022	-	\$ -

(Amounts in thousands, except UNI amounts)	Quantity	Fair Value
UNI balance at July 1, 2021	-	\$ -
UNI contributed	-	-
UNI contributed from portfolio rebalancing	236,778.41720026	5,483
UNI distributed for Manager's Fee, related party	(4,091.39411814)	(54)
Net change in unrealized depreciation on investment in UNI	-	(3,937)
Net realized loss on investment in UNI	-	(370)
UNI balance at June 30, 2022	232,687.02308212	\$ 1,122
UNI contributed	-	-
UNI distributed from portfolio rebalancing	(232,591.41465073)	(1,236)
UNI distributed for Manager's Fee, related party	(95.60843139)	-
Net change in unrealized appreciation on investment in UNI	-	3,937
Net realized loss on investment in UNI	-	(3,823)
UNI balance at September 30, 2022	-	\$ -

(Amounts in thousands, except LINK amounts)	Quantity	Fair Value
LINK balance at July 1, 2021	153,327.61595468	\$ 2,956
LINK contributed	310.46132900	8
LINK contributed from portfolio rebalancing	9,391.16255779	143
LINK distributed for Manager's Fee, related party	(4,041.64897033)	(78)
Net change in unrealized depreciation on investment in LINK	-	(2,016)
Net realized loss on investment in LINK	-	(53)
LINK balance at June 30, 2022	158,987.59087114	\$ 960
LINK contributed	-	-
LINK distributed from portfolio rebalancing	(158,922.26469191)	(989)
LINK distributed for Manager's Fee, related party	(65.32617923)	-
Net change in unrealized appreciation on investment in LINK	-	3,726
Net realized loss on investment in LINK	-	(3,697)
LINK balance at September 30, 2022	-	\$ -

(Amounts in thousands, except BCH amounts)	Quantity	Fair Value
BCH balance at July 1, 2021	7,379.46217362	\$ 3,845
BCH contributed	13.60904594	8
BCH distributed from portfolio rebalancing	(906.97968581)	(388)
BCH distributed for Manager's Fee, related party	(171.88324722)	(74)
Net change in unrealized depreciation on investment in BCH	-	(2,830)
Net realized gain on investment in BCH	-	70
BCH balance at June 30, 2022	6,314.20828653	\$ 631
BCH contributed	-	-
BCH distributed from portfolio rebalancing	(6,311.61385070)	(660)
BCH distributed for Manager's Fee, related party	(2.59443583)	-
Net change in unrealized appreciation on investment in BCH	-	1,662
Net realized loss on investment in BCH	-	(1,633)
BCH balance at September 30, 2022	-	\$ -

4. Distributions

When a proposed modification to the Ethereum Network is accepted by the vast majority of validators, miners and users but is nonetheless not accepted by an other than insignificant population of participants in the network, a “fork” in the blockchain occurs, resulting in two separate Ethereum Networks. Holders of ETH on the original Ethereum Network, at the time the block is mined and the fork occurs, may also receive an identical amount of new tokens on the new network.

Ethereum Fork on September 15, 2022 (ETHPoW)

Background and Measurement

The Ethereum Network completed the final stages of an upgrade referred to as the “Merge,” on September 15, 2022, and the Ethereum Network transitioned to a proof-of-stake model. Following the Merge, a hard fork of the Ethereum Network occurred, as certain ETH miners and network participants planned to maintain the proof-of-work consensus mechanism that was removed as part of the Merge. This version of the Ethereum Network was rebranded as Ethereum Proof-of-Work.

Immediately following the hard fork on September 15, 2022, holders of ETH passively received rights to an equal number of Ethereum Proof-of-Work tokens (“ETHPoW”) (referred to as a “right to the Forked Asset”). At that time, the Fund held approximately 40,653 ETH and the newly created ETHPoW was inaccessible to the Fund. On the date of the hard fork, the rights to the Forked Asset were determined to have no value as there were insufficient observable market inputs to determine the fair value of ETHPoW and the ETHPoW assets were not supported by the Custodian.

Furthermore, on September 16, 2022, the Manager of the Fund announced that it had declared a distribution and established a record date for the distribution of the rights to the Forked Asset to the shareholders of record as of the close of business on September 26, 2022 (“Record Date Shareholders”).

Subsequent Measurement and Distribution of Rights to ETHPoW

On September 26, 2022 (the “Record Date”), the Fund distributed the rights to the Forked Asset to obtain approximately 40,653 ETHPoW tokens held by the Fund to the Record Date Shareholders as of the close of business on September 26, 2022. The right to acquire, or otherwise establish dominion and control over, any ETHPoW as a result of the aforementioned fork in the Ethereum blockchain is referred to as a “right to the Forked Asset” and any such ETHPoW acquired through such a right to the Forked Asset is referred to as the “Forked Asset.”

On the Record Date, the Fund, acting on behalf of the Record Date Shareholders and pursuant to the terms of the LLC Agreement governing the Fund, appointed Grayscale Investments, LLC as agent (in this capacity, the “Agent”) on behalf of the Record Date Shareholders and transferred the rights to the Forked Assets held by the Fund to the Agent on behalf of the Record Date Shareholders. The Fund has no ownership interest in the distributed rights to the Forked Assets, no ability to control the actions of the Agent and no right to receive any information about the rights to the Forked Assets or the disposition thereof or of the underlying Forked Assets from the Record Date Shareholders, their Agent or any other person. As of the Record Date, the Fund determined such rights to the Forked Assets to have a fair value of \$0 and no gain or loss was recognized as part of the rights to the Forked Assets distribution, due to the lack of a trading venue accessible to the Authorized Participant of the Fund and uncertainty regarding the ability to safely access and custody the ETHPoW.

5. Portfolio Rebalancing

From inception through June 30, 2022, the Fund sought to hold digital assets with market capitalizations that collectively constituted at least 70% of the market capitalization of the entire digital asset market (the “Target Coverage Ratio”) and determined the Fund Components by reference to fund construction criteria that consisted of market capitalization, liquidity and coverage criteria established by the Manager (the “Target Coverage Ratio Methodology”). Through the Target Coverage Ratio Methodology, the Fund sought to (i) provide large-cap coverage of the digital asset market; (ii) minimize transaction costs through low turnover of the Fund’s portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market.

Effective July 1, 2022, the Manager replaced the Target Coverage Ratio Methodology as the fund construction criteria and no longer seeks to hold Fund Components meeting the Target Coverage Ratio. Instead, the Fund Components consist of the digital assets that make up the DLCS, as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets in certain cases. The DLCS is designed and managed by the Index Provider, a subsidiary of DCG and an affiliate of the Manager, which is also a subsidiary of DCG. The process followed by the Index Provider to determine the digital assets included in the DLCS and their respective weightings in the DLCS is referred to as the “DLCS Methodology.”

Effective July 1, 2022, the Index Provider reviews the DLCS for rebalancing according to the DLCS Methodology quarterly during a period beginning 14 days before the end of each March, June, September and December (each such period, an “Index Rebalancing Period”). At the start of each Index Rebalancing Period, the Index Provider applies the DLCS Methodology to determine any changes to the Index Components and the Index Weightings, after which the Manager rebalances the Fund’s portfolio accordingly, subject to application of the Exclusion Criteria. In order to rebalance the Fund’s portfolio, the Manager will (i) determine whether any Fund Components have been removed from the DLCS and should therefore be removed as Fund Components, (ii) determine whether any new digital assets have been added to the DLCS and should therefore be included as Fund Components, and (iii) determine how much cash and Forked Assets the Fund holds. If a Fund Component is no longer included in the DLCS, the Manager will adjust the Fund’s portfolio by selling such Fund Component in the Digital Asset Markets in proportion to their respective weightings in the Fund (“Weightings”) and using the cash proceeds to purchase additional tokens of the remaining Fund Components and, if applicable, any new Fund Component in proportion to their respective Weightings. The Weightings of each Fund Component are generally expected to be the same as the weighting of each digital asset in the DLCS except when the Manager determines to exclude one or more digital assets included in the DLCS from the Fund Components. If a digital asset not then included in the Fund’s portfolio is newly eligible for inclusion in the Fund’s portfolio because it was added to the DLCS and not excluded through the Exclusion Criteria, the Manager will adjust the Fund’s portfolio by selling tokens of the then-current Fund Components in the Digital Asset Markets in proportion to their respective Weightings and using the cash proceeds to purchase tokens of the newly eligible digital assets.

The Manager will rebalance the Fund’s portfolio quarterly during a period beginning on the second business day of each January, April, July and October (each such period, a “Fund Rebalancing Period”). The Manager expects each Fund Rebalancing Period to last between one and five business days. The DLCS, and therefore the Fund, may also be rebalanced mid-quarter, prior to the Index Rebalancing Period under extraordinary circumstances, if, for example, a digital asset is removed from the Index.

On April 6, 2021, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. Effective April 2, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Fund’s construction criteria. On April 2, 2021, the Fund recognized a realized gain of \$4,398,884 in connection with the sale of 90.96800168 BTC and 58.85027824 BCH to purchase 381.07775172 ETH, 5.31504341 LTC and 154,021.49829970 LINK.

On July 2, 2021, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. Effective July 1, 2021, the Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Fund’s construction criteria. On July 1, 2021, the Fund recognized a realized gain of \$11,651,902 in connection with the sale of 225.33929087 BTC, 3,622.13172739 ETH, 68.33481591 BCH and 722.93691458 LTC to purchase 11,256,632.53387140 ADA and 13,460.14709855 LINK.

On October 1, 2021, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. The Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL and UNI in accordance with the Fund’s construction criteria. On October 1, 2021, the Fund recognized a realized gain of \$14,980,028 in connection with the sale of 431.1877932 BTC, 568.9034008 ETH, 312.6826491 BCH, 1,332.295291 LTC and 4,669.367651 LINK, to purchase 393,666.736667 ADA, 106,015.34887688 SOL and 213,332.22308637 UNI.

On April 5, 2022, the Manager of the Fund, announced the updated Fund Component weightings for the Fund in connection with its quarterly review. The Manager adjusted the Fund’s portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase DOT and AVAX in accordance with the Fund’s construction criteria. On April 5,

2022, the Fund recognized a realized gain of \$12,437,503 in connection with the sale of 299.12356960 BTC, 799.44969220 ETH, 525.96222080 BCH, and 471,808.6330000 ADA to purchase 154.01722821 LTC, 600.38311024 LINK, 7,207.59678111 SOL, 23,446.19411389 UNI, 89,505.76684675 AVAX and 330,149.03708006 DOT.

Effective July 1, 2022, the Fund replaced the Target Coverage Ratio Methodology with the DLCS Methodology. The change in methodology resulted in the removal of BCH, LINK, LTC, DOT, and UNI in proportion to their respective weighing on July 7, 2022 following the quarterly Fund Rebalancing Period. On July 7, 2022, the Fund recognized a realized loss of \$14,895,069 in connection with the sale of 6,311.61385070 BCH, 23,715.33881688 LTC, 158,922.26469191 LINK, 232,591.41465073 UNI and 328,052.64509826 DOT to purchase 199.83559815 BTC, 1,507.83089471 ETH, 451,468.27947474 ADA, 4,253.16323862 SOL and 5,714.46623435 AVAX.

6. Creations and Redemptions of Shares

At September 30, 2022 and June 30, 2022, there were an unlimited number of Shares authorized by the Fund. The Fund creates (and, should the Fund commence a redemption program, redeems) Shares from time to time, but only in one or more Baskets. The creation and redemption of Baskets on behalf of investors are made by the Authorized Participant in exchange for the delivery of tokens of each Fund Component to the Fund, or the distribution of tokens of each Fund Component by the Fund, plus cash representing the Forked Asset portion, if any, and the U.S. Dollar portion, if any. The number of tokens of each Fund Component required for each creation Basket or redemption Basket is determined by dividing (x) the total number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date of a creation or redemption order, after deducting the number of tokens of each Fund Component payable as the Manager's Fee and the number of tokens of such Fund Component payable as a portion of Additional Fund Expenses (as defined in Note 7), by (y) the number of Shares outstanding at such time and multiplying the quotient obtained by 100. Each Share represented approximately 0.0004 of one BTC, 0.0026 of one ETH, 0.7120 of one ADA, 0.0072 of one SOL and 0.0059 of one AVAX at September 30, 2022. Each Share represented approximately 0.0004 of one BTC, 0.0025 of one ETH, 0.6880 of one ADA, 0.0070 of one SOL, 0.0207 of one DOT, 0.0056 of one AVAX, 0.0015 of one LTC, 0.0147 of one UNI, 0.0100 of one LINK, and 0.0004 of one BCH at June 30, 2022.

The cost basis of investments in each Fund Component recorded by the Fund is the fair value of each Fund Component, as determined by the Fund, at 4:00 p.m., New York time, on the date of transfer to the Fund by the Authorized Participant based on the creation Baskets. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of each Share to investors. The Authorized Participant may realize significant profits buying, selling, creating, and, if permitted, redeeming Shares as a result of changes in the value of Shares or each Fund Component. In addition, the Authorized Participant may realize significant profits through the sale of digital assets during a Fund Rebalancing Period.

At this time, the Fund is not operating a redemption program and is not accepting redemption requests. Subject to receipt of regulatory approval and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program. Further, the Fund is registered and regulated as a private fund under the Private Funds Act. The Cayman Islands Monetary Authority has supervisory and enforcement powers to ensure the Fund's compliance with the Private Funds Act. Before the Fund is able to effect open redemptions as an open-ended Fund, it will be required to meet the requirements of, and register with, the Cayman Islands Monetary Authority and be regulated as a mutual fund under the Mutual Funds Law (As Revised) of the Cayman Islands.

7. Income Taxes

The Government of the Cayman Islands does not, and will not, under existing Cayman law, impose any income, corporate or capital gains tax, estate duty, inheritance tax, gift tax or withholding tax upon the Fund or the shareholders. Interest, dividends and gains payable to the Fund and all distributions by the Fund to shareholders will be received free of any Cayman Islands income or withholding taxes.

The Fund has elected to be treated as a corporation for U.S. federal income tax purposes. The Manager believes that the Fund will not be treated as engaged in a trade or business in the United States and thus will not derive income that is treated as "effectively connected" with the conduct of a trade or business in the United States ("effectively connected income") under the U.S. Internal Revenue Code of 1986, as amended (the "Code") and corresponding tax regulations (e.g., including under Sections 861 through 865). There can, however, be no complete assurance in this regard. If the Fund were treated as engaged in a trade or business in the United States, it would be subject to U.S. federal income tax, at the rates applicable to U.S. corporations (currently, at the rate of 21%), on its net effectively connected income. Any such income might also be subject to U.S. state and local income taxes. In addition, the Fund would be subject to a 30% U.S. branch profits tax in respect of its "dividend equivalent amount," as defined in Section 884 of the Code, attributable to its effectively connected income (generally, the after-tax amount of certain effectively connected income that is not treated as reinvested in the trade or business).

If the Fund were treated as engaged in a trade or business in the United States during any taxable year, it would be required to file a U.S. federal income tax return for that year, regardless of whether it recognized any effectively connected income. If the Fund did not file U.S. federal income tax returns and were later determined to have engaged in a U.S. trade or business, it would generally not be entitled to offset its effectively connected income and gains against its effectively connected losses and deductions (and, therefore, would be taxable on its gross, rather than net, effectively connected income). If the Fund recognizes any effectively connected income, the imposition of U.S. taxes on such income may have a substantial adverse effect on the return to shareholders.

Due to the new and evolving nature of digital assets and a general absence of clearly controlling authority with respect to digital assets, many significant aspects of the U.S. federal income tax treatment of digital assets (including with respect to the amount, timing, and character of income recognition) are uncertain. The Manager believes that, in general, gains and losses recognized by the Fund from the sale or other disposition of digital assets will be treated as capital gains or losses. However, it is possible that the IRS will not agree with the Fund's U.S. federal tax treatment of digital assets.

In accordance with GAAP, the Fund has defined the threshold for recognizing the benefits of tax positions in the financial statements as "more-likely than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely than-not" threshold, based on the largest benefit that is more than 50% likely to be realized. Tax positions not deemed to meet the "more-likely than-not" threshold are recorded as a tax benefit or expense in the current period. As of and during the periods ended September 30, 2022 and June 30, 2022, the Fund did not have a liability for any unrecognized tax amounts. However, the Manager's conclusions concerning its determination of "more likely than not" tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance, and ongoing analyses of and changes to tax laws, regulations and interpretations thereof.

The Manager of the Fund has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related to federal, state and local income taxes existed as of September 30, 2022 or June 30, 2022.

8. Related Parties

The Fund considers the following entities, their directors and employees to be related parties of the Fund: DCG, Genesis, Grayscale, and CoinDesk Indices, Inc. As of both September 30, 2022 and June 30, 2022, 1,370,846 Shares of the Fund were held by related parties of the Fund.

The Manager's parent, an affiliate of the Fund, holds a minority interest in Coinbase, Inc., the parent company of the Custodian, that represents less than 1.0% of Coinbase, Inc.'s ownership.

In accordance with the LLC Agreement governing the Fund, the Fund pays a fee to the Manager, calculated as 2.5% of the aggregate value of the Fund's digital asset holdings, less its liabilities (which include any accrued but unpaid expenses up to, but excluding, the date of calculation), as calculated and published by the Manager or its delegates (the "Manager's Fee"). The Manager's Fee accrues daily in U.S. dollars and is payable in Fund Components then held by the Fund in proportion to their respective Fund Component's Weighting. The U.S. dollar amount of the Manager's Fee will be converted into Fund Components on a daily basis by multiplying such U.S. dollar amount by the Weighting for each Fund Component and dividing the resulting product for each Fund Component by the U.S. dollar value for such Fund Component on such day. For purposes of these financial statements, the U.S. dollar value of Fund Components is determined by reference to the Digital Asset Exchange Market that the Fund considers its principal market as of 4:00 p.m., New York time, on each valuation date. No Forked Assets have been distributed in payment of the Manager's Fee during the three months ended September 30, 2022 and 2021.

As partial consideration for receipt of the Manager's Fee, the Manager shall assume and pay all fees and other expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, but including marketing fee, the administrator fee, if any; custodian fees; transfer agent fees; trustee fees; the fees and expenses related to the listing, quotation or trading of the Shares on any Secondary Market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given fiscal year; ordinary course legal fees and expenses; audit fees; regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands; printing and mailing costs; costs of maintaining the Fund's website and applicable license fees (together, the "Manager-paid Expenses").

The Fund may incur certain extraordinary, non-recurring expenses that are not Manager-paid Expenses, including, but not limited to, taxes and governmental charges, expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the

extent exceeding \$600,000 in any given fiscal year and extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters (collectively, “Additional Fund Expenses”). In such circumstances, the Manager or its delegate (i) will instruct the Custodian to withdraw from the digital asset accounts Fund Components in proportion to their respective Weightings at such time and in such quantity as may be necessary to permit payment of such Additional Fund Expenses and (ii) may either (x) cause the Fund (or its delegate) to convert such Fund Components into U.S. dollars or other fiat currencies at the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset or (y) when the Manager incurs such expenses on behalf of the Fund, cause the Fund (or its delegate) to deliver such Fund Components, and/or Forked Assets in kind to the Manager in satisfaction of such Additional Fund Expenses.

For three months ended September 30, 2022 and 2021, the Fund incurred Manager’s Fees of \$1,321,278 and \$2,833,215, respectively. As of September 30, 2022 and June 30, 2022, there were no accrued and unpaid Manager’s Fees. In addition, the Manager may pay Additional Fund Expenses on behalf of the Fund, which are reimbursable by the Fund to the Manager. For the three months ended September 30, 2022 and 2021, the Manager did not pay any Additional Fund Expenses on behalf of the Fund.

On March 2, 2022, the Board of the Manager approved the purchase by DCG, the parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust (BTC) (OTCQX: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From March 2, 2022 through September 30, 2022, DCG did not purchase any Shares of the Fund under this authorization.

9. Risks and Uncertainties

The Fund is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in digital assets. Investing in digital assets is currently highly speculative and volatile.

The net asset value of the Fund relates primarily to the value of the Fund Components, and fluctuations in the prices of such Fund Components could materially and adversely affect an investment in the Shares of the Fund. The prices of the Fund Components have a very limited history. During such history, the market prices of such Fund Components have been volatile, and subject to influence by many factors including the levels of liquidity. If the Digital Asset Markets continue to experience significant price fluctuations, the Fund may experience losses. Several factors may affect the market price of the Fund Components, including, but not limited to, global supply and demand of such Fund Components, theft of such Fund Components from global exchanges or vaults, competition from other forms of digital assets or payments services, global or regional political, economic or financial conditions, and other unforeseen market events and situations.

The digital asset networks relevant to the Fund Components are decentralized to an extent, meaning no single entity owns or operates them. Some digital asset networks, such as the BTC, ETH, SOL, ADA, and AVAX networks, are collectively maintained by a decentralized user base.

The Fund Components are commingled, and the Fund’s shareholders have no specific rights to any specific Fund Component. In the event of the insolvency of the Fund, its assets may be inadequate to satisfy a claim by its shareholders.

There is currently no clearing house for the Fund Components, nor is there a central or major depository for the custody of such Fund Components. There is a risk that some or all of the Fund Components could be lost or stolen. There can be no assurance that the Custodian will maintain adequate insurance or that such coverage will cover losses with respect to the Fund Components. Further, transactions in the Fund Components are irrevocable. Stolen or incorrectly transferred Fund Components may be irretrievable. As a result, any incorrectly executed Fund Component transactions could adversely affect an investment in the Shares.

The Securities and Exchange Commission (the “SEC”) has stated that certain digital assets may be considered “securities” under the federal securities laws. The test for determining whether a particular digital asset is a “security” is complex and the outcome is difficult to predict. Public, though non-binding, statements by senior officials at the SEC have indicated that the SEC did not consider Bitcoin or Ethereum to be securities, and does not currently consider Bitcoin to be a security. The SEC staff has also provided informal assurances to a handful of issuers and promoters that their digital assets are not securities. On the other hand, the SEC has brought enforcement actions against the issuers and promoters of several other digital assets on the basis that the digital assets in question are securities. Such statements are not official policy statements by the SEC and reflect only the speaker’s views, which are not binding on the SEC or any other agency or court and cannot be generalized to any other digital asset.

Further, Ripple Labs, Inc. (“Ripple”), the company that retains a key role in stewarding the development of XRP, is currently a defendant in a federal class-action lawsuit filed by certain XRP holders that alleges that XRP is a security issued by Ripple. In addition, in 2020 the SEC filed a complaint against the issuer of XRP, Ripple Labs, Inc., and two of its executives, alleging that they raised more than \$1.3 billion through XRP sales that should have been registered under the federal securities laws, but were not. If a Fund Component is determined to be a “security” under federal or state securities laws by the SEC or any other agency, or in a proceeding in a court of law or otherwise, it may have material adverse consequences for such Fund Component.

For example, it may become more difficult for such Fund Component to be traded, cleared and custodied as compared to other digital assets that are not considered to be securities, which could in turn negatively affect the liquidity and general acceptance of such Fund Component and cause users to migrate to other digital assets. As such, any determination that a Fund Component is a security under federal or state securities laws may adversely affect the value of such Fund Component and, as a result, an investment in the Shares.

To the extent that a Fund Component is determined to be a security, the Fund and the Manager may also be subject to additional regulatory requirements, including under the Investment Company Act of 1940, and the Manager may be required to register as an investment adviser under the Investment Advisers Act of 1940. If the Manager determines not to comply with such additional regulatory and registration requirements, the Manager will terminate the Fund. Any such termination could result in the liquidation of the Fund’s digital assets at a time that is disadvantageous to shareholders.

As with any computer network, digital asset networks are vulnerable to various kinds of attacks and disruptions. For example, each digital asset network of the Fund Components, for which it is relevant, is vulnerable to a “51% attack” where, if a malicious actor were to gain control of more than 50% of a network’s hash rate, it would be able to gain full control of the network and the ability to manipulate the relevant blockchains on which the respective Fund Components settle. In May 2019, the Bitcoin Cash network experienced a 51% attack when two mining pools combined their hash rates to reverse a block of transactions that rewarded tokens to an unknown actor who had taken advantage of an unrelated vulnerability in the Bitcoin Cash network. The Fund did not suffer any direct losses as a result of the attack. Although this particular attack could be interpreted as reversing a separate attack on the Bitcoin Cash network, the Bitcoin Cash network may be vulnerable to future 51% attacks that could result in a loss of confidence in the Bitcoin Cash network. Additionally, as an example of a network disruption, the Solana network experienced a significant disruption on September 14, 2021, later attributed to a type of denial of service attack, and was offline for 17 hours, only returning to full functionality 24 hours later. While persons associated with Solana Labs and/or the Solana Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Solana validators coordinated to upgrade and restart the network.

Furthermore, like any smart contract platform that utilizes bridge technology, digital assets transferred to or from other blockchains are vulnerable to certain types of exploits. For example, on February 3, 2022, hackers were able to manipulate the Wormhole bridge smart contract code which enables the transfer of certain digital assets to the Solana Network, to divert approximately 120,000 Ethereum from the Wormhole bridge to the attacker’s Ethereum wallet. While Jump Crypto, the creators of the Wormhole bridge, replenished the stolen ETH, effectively backstopping user losses, they or other creators may not be able to do so again in the future. The development of bridges on digital asset networks is ongoing and further attacks on bridges compatible with a digital asset network of a Fund Component could have a material adverse effect on the value of such Fund Component and an investment in the Shares.

To the extent a private key required to access a Fund Component address is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the Fund may be unable to access the relevant Fund Component controlled by the private key and the private key will not be capable of being restored by the network of such Fund Component. The processes by which the Fund Component transactions are settled are dependent on the peer-to-peer network of such Fund Component, and as such, the Fund is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of the Fund Component.

The Fund relies on third party service providers to perform certain functions essential to its operations. Any disruptions to the Fund’s or the Fund’s service providers’ business operations resulting from business restrictions, quarantines or restrictions on the ability of personnel to perform their jobs as a result of the COVID-19 pandemic could have an adverse impact on the Fund’s ability to access critical services and would be disruptive to the operation of the Fund.

10. Financial Highlights Per Share Performance

	Three Months Ended September 30,	
	2022	2021
Per Share Data:		
Net asset value, beginning of period	\$ 10.96	\$ 23.19
Net increase in net assets from investment operations:		
Net investment loss	(0.08)	(0.18)
Net realized and unrealized gain	1.04	6.44
Net increase in net assets resulting from operations	0.96	6.26
Net asset value, end of period	\$ 11.92	\$ 29.45
Total return	8.76%	26.99%
<i>Ratios to average net assets:</i>		
Net investment loss	-2.50%	-2.50%
Expenses	-2.50%	-2.50%

Ratios of net investment loss and expenses to average net assets have been annualized.

An individual shareholder's return, ratios, and per Share performance may vary from those presented above based on the timing of Share transactions.

Total return is calculated assuming an initial investment made at the net asset value at the beginning of the period and assuming redemption on the last day of the period. The amount shown for a Share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the number of Shares issued in Creations occurring at an operational value derived from an operating metric as defined in the LLC Agreement.

11. Indemnifications

In the normal course of business, the Fund enters into certain contracts that provide a variety of indemnities, including contracts with the Manager and affiliates of the Manager, DCG and its officers, directors, employees, subsidiaries and affiliates, and the Custodian as well as others relating to services provided to the Fund. The Fund's maximum exposure under these and its other indemnities is unknown. However, no liabilities have arisen under these indemnities in the past and, while there can be no assurances in this regard, there is no expectation that any will occur in the future. Therefore, the Manager does not consider it necessary to record a liability in this regard.

12. Subsequent Events

On October 3, 2022, the Manager of the Fund entered into a distribution and marketing agreement (the "Distribution and Marketing Agreement") with Grayscale Securities to assist the Manager in distributing the Shares of the Fund, developing an ongoing marketing plan for the Fund, preparing marketing materials regarding the Shares, including the content on the Fund's website, and executing the marketing plan for the Fund. As a result, effective October 3, 2022, Grayscale Securities is the distributor and marketer of the Shares. Grayscale Securities is a registered broker-dealer with the SEC and is a member of FINRA.

On October 3, 2022, the Manager entered into a participant agreement (the "Participant Agreement") with Grayscale Securities, pursuant to which Grayscale Securities has agreed to act as an Authorized Participant of the Fund. The Participant Agreement provides the procedures for the creation of Shares of the Fund through the Authorized Participant, which are substantially similar to the procedures for the creation of Shares set forth in the Fund's existing participant agreement with Genesis, except that the Authorized Participant may engage one or more service providers (any such service provider, a "Liquidity Provider") to source digital assets on behalf of the Authorized Participant in connection with the creation of Shares. Effective October 3, 2022, Grayscale Securities is the only acting Authorized Participant of the Fund. Grayscale Securities has engaged Genesis as a Liquidity Provider.

On October 3, 2022, in connection with the entry into the Distribution and Marketing Agreement with Grayscale Securities, the Manager and Genesis agreed to terminate the distribution and marketing agreement, dated November 15, 2019, among the Manager, the Fund and Genesis, pursuant to which Genesis assisted the Manager in distributing the Shares. As a result, effective October 3, 2022, Genesis is no longer acting as the distributor and marketer of the Shares of the Fund.

On October 3, 2022, the Manager and Genesis agreed to terminate the participant agreement, dated January 11, 2019, among the Manager, the Fund and Genesis, which provided the procedures for the creation of Shares. As a result, effective October 3, 2022, Genesis is no longer acting as an Authorized Participant of the Fund but will continue to serve as a Liquidity Provider.

On October 4, 2022, the Index Provider completed the quarterly rebalancing of the DLCS and determined that BTC, ETH, ADA, SOL, MATIC and AVAX met the inclusion criteria of the DLCS Index. On October 4, 2022 following the rebalancing of the Index, the

Manager completed its quarterly review of the Fund's portfolio and initiated the process of rebalancing the Fund. The Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective Weightings and using the cash proceeds to purchase MATIC. MATIC has been added to the Fund. No tokens were removed from the Fund. As of October 5, 2022, following the rebalancing, the Fund Components consisted of 65.32% BTC, 28.03% ETH, 2.49% ADA, 2.04% SOL, 1.26% MATIC, and 0.86% AVAX, and each of the Fund's shares represented 0.0004 BTC, 0.0025 ETH, 0.7083 ADA, 0.0073 SOL, 0.1815 MATIC, and 0.0061 AVAX.

MATIC is a digital asset that is created and transmitted through the operations of Polygon, a smart contract platform protocol built on the Ethereum blockchain. Polygon is intended to provide scalability to Ethereum by allowing users to transact on a variety of blockchains deployed on top of the Ethereum network. Under this model, Ethereum functions as the base layer, or "Layer 1" blockchain. The Polygon protocol offers developers sidechain and so-called "Layer 2" smart contract platform solutions, which are protocols built on top of an underlying smart contract platform blockchain that can be tailored to an individual developer's intended use case. Such solutions are intended to improve upon the transaction speed, cost and efficiency of transactions on the Ethereum network. Polygon's Layer 2 solutions were only recently developed, may not be interoperable with smart contracts deployed on other Layer 2 solutions and may not function as intended. Polygon's native token, MATIC, is an ERC-20 token that serves multiple purposes, including paying for transaction fees, staking, and governance.

Polygon was one of the first Ethereum scaling solutions to gain mainstream application through its adoption on prominent DeFi and NFT applications such as Uniswap, Aave, and OpenSea. Polygon was founded by Jaynti Kanani, Sandeep Nailwal, and Anurag Arjun in 2017.

As of the close of business on October 31, 2022, the fair value of each Fund Component, determined in accordance with the Fund's accounting policy, was \$20,367.62 per BTC, \$1,563.46 per ETH, \$0.40 per ADA, \$32.56 per SOL, \$0.90 per MATIC, and \$18.86 per AVAX.

There are no known events that have occurred that require disclosure other than that which has already been disclosed in these notes to the financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our unaudited financial statements and related notes included elsewhere in this Quarterly Report, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). The following discussion may contain forward-looking statements based on assumptions we believe to be reasonable. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those set forth under "Part II, Item 1A. Risk Factors" in this Quarterly Report, or in "Part I, Item 1A. Risk Factors" and "Forward-Looking Statements" or other sections of our Annual Report on Form 10-K for the year ended June 30, 2022.

Fund Overview

The Fund is a passive entity that is managed and administered by the Manager and does not have any officers, directors or employees. The Fund holds Fund Components and, from time to time on a periodic basis, issues Creation Baskets in exchange for deposits of Fund Components. As a passive investment vehicle, the Fund's investment objective is for the value of the Shares to reflect the value of the Fund Components held by the Fund, determined by reference to the Digital Asset Reference Rates and weightings within the Fund, less the Fund's expenses and other liabilities. To date, the Fund has not met its investment objective and the Shares quoted on OTCQX have not reflected the value of Fund Components, less the Fund's expenses and other liabilities, but have instead traded at both premiums and discounts to such value, which at times have been substantial. The Fund is not managed like a business corporation or an active investment vehicle.

Prior to July 1, 2022, the Fund determined which Fund Components to hold pursuant to the Target Coverage Ratio Methodology. Effective July 1, 2022, the Manager replaced the Target Coverage Ratio Methodology as the fund construction criteria and adopted the DLCS Methodology. Prior to the adoption of the DLCS Methodology, the Digital Asset Reference Rates used to value the Fund Components were Index Prices or Old Indicative Prices. In connection with the adoption of the DLCS Methodology, the Manager changed the Digital Asset Reference Rates used to value the Fund Components and as of the date of this Quarterly Report, each of the Digital Asset Reference Rates are Indicative Prices. See "Item 1. Business—Investment Objective" and "Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings" in our Annual Report on Form 10-K for additional information.

Any references in this section to the Digital Reference Rates prior to July 1, 2022 are to the Digital Asset Reference Rates in effect prior to the adoption of the DLCS Methodology. In addition, all references in this section to the Digital Asset Holdings and Digital Asset Holdings per Share of the Fund for periods prior to July 1, 2022 have been calculated using Index Prices and/or Indicative Prices, based on the digital assets held by the Fund pursuant to the Target Coverage Ratio Methodology. All references in this section to the Digital Asset Holdings and Digital Asset Holdings per Share of the Fund for periods subsequent to July 1, 2022 have been calculated using Indicative Prices.

Ethereum Fork on September 15, 2022 (ETHPoW)

Background and Measurement

A "hard fork" of a Digital Asset Network occurs when there is a disagreement among users and validators or miners over modifications to a Digital Asset Network, which are typically made through software upgrades and subsequently accepted or rejected through downloads or lack thereof of the relevant software upgrade by users. If less than a substantial majority of users and validators or miners consent to a proposed modification, and the modification is not compatible with the software prior to its modification, a fork in the blockchain results, with one prong running the pre-modified software and the other running the modified software. The effect of such a fork is the existence of two versions of the relevant Digital Asset Network running in parallel, yet lacking interchangeability. After a fork, holders of the original digital asset typically end up holding equal amounts of the original digital asset and the new digital asset.

The Ethereum Network completed the final stages of an upgrade referred to as the "Merge," on September 15, 2022, and the Ethereum Network transitioned to a proof-of-stake model. Following the Merge, a hard fork of the Ethereum Network occurred, as certain ETH miners and network participants planned to maintain the proof-of-work consensus mechanism that was removed as part of the Merge. This version of the Ethereum Network was rebranded as Ethereum Proof-of-Work.

Immediately following the hard fork on September 15, 2022, holders of ETH passively received rights to an equal number of ETHPoW (referred to as a "right to the Forked Asset"). At that time, the Fund held approximately 40,653 ETH and the newly created ETHPoW was inaccessible to the Fund. On the date of the hard fork, the rights to the Forked Asset were determined to have no value

as there were insufficient observable market inputs to determine the fair value of ETHPoW and the ETHPoW assets were not supported by the Custodian.

Furthermore, on September 16, 2022, the Manager of the Fund announced that it had declared a distribution and established a record date for the distribution of the rights to the Forked Asset to the shareholders of record as of the close of business on September 26, 2022 (“Record Date Shareholders”).

Subsequent Measurement and Distribution of Rights to ETHPoW

On September 26, 2022 (the “Record Date”), the Fund distributed the rights to the Forked Asset to obtain approximately 40,653 ETHPoW tokens held by the Fund to the Record Date Shareholders as of the close of business on the Record Date. The right to acquire, or otherwise establish dominion and control over, any ETHPoW as a result of the aforementioned fork in the Ethereum blockchain is referred to as a “right to the Forked Asset” and any such ETHPoW acquired through such a right to the Forked Asset is referred to as the “Forked Asset.”

On the Record Date, the Fund, acting on behalf of the Record Date Shareholders and pursuant to the terms of the LLC Agreement governing the Fund, appointed Grayscale Investments, LLC as agent (in this capacity, the “Agent”) on behalf of the Record Date Shareholders and transferred the rights to the Forked Assets held by the Fund to the Agent on behalf of the Record Date Shareholders. The Fund has no ownership interest in the distributed rights to the Forked Assets, no ability to control the actions of the Agent and no right to receive any information about the rights to the Forked Assets or the disposition thereof or of the underlying Forked Asset from the Record Date Shareholders, the Agent or any other person. As of the Record Date, the Fund determined such rights to the Forked Assets to have a fair value of \$0 and no gain or loss was recognized as part of the rights to the Forked Assets distribution, due to the lack of a trading venue accessible to the Authorized Participant of the Fund and uncertainty regarding the ability to safely access and custody the ETHPoW.

Critical Accounting Policies and Estimates

Investment Transactions and Revenue Recognition

The Fund considers investment transactions to be the receipt of Fund Components for Share creations and the delivery of Fund Components for Share redemptions or for payment of expenses in Fund Components. At this time, the Fund is not accepting redemption requests from shareholders. The Fund records its investment transactions on a trade date basis and changes in fair value are reflected as net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using the specific identification method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Manager’s Fee in the Fund Components.

Principal Market and Fair Value Determination

To determine which market is the Fund’s principal market for each Fund Component (or in the absence of a principal market, the most advantageous market) for purposes of calculating the Fund’s net asset value (“NAV”), the Fund follows FASB ASC 820-10, which outlines the application of fair value accounting. ASC 820-10 determines fair value to be the price that would be received for each Fund Component in a current sale, which assumes an orderly transaction between market participants on the measurement date. ASC 820-10 requires the Fund to assume that each Fund Component is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Market participants are defined as buyers and sellers in the principal or most advantageous market that are independent, knowledgeable, and willing and able to transact.

Effective October 3, 2022, the Manager entered into a Participant Agreement with Grayscale Securities, a wholly owned subsidiary of the Manager and an affiliate and related party of the Fund, pursuant to which Grayscale Securities has agreed to act as an Authorized Participant of the Fund. The Participant Agreement provides the procedures for the creation of Shares of the Fund through the Authorized Participant, which are substantially similar to the procedures for the creation of Shares set forth in the Fund’s existing participant agreement with Genesis, except that the Authorized Participant may engage a Liquidity Provider to source Fund Components on behalf of the Authorized Participant in connection with the creation of Shares. Effective October 3, 2022, Grayscale Securities is the only acting Authorized Participant of the Fund. Grayscale Securities has engaged Genesis as a Liquidity Provider.

The Fund only receives Fund Components from an Authorized Participant and does not itself transact on any Digital Asset Markets. Therefore, the Fund looks to market-based volume and level of activity for Digital Asset Markets and may look to an Authorized Participant, or an Authorized Participant’s Liquidity Provider(s), when assessing entity-specific volume and level of activity for Digital Asset Markets. The Authorized Participant(s), or a Liquidity Provider on behalf of the Authorized Participant(s), may transact in a Brokered Market, a Dealer Market, Principal-to-Principal Markets and Exchange Markets, each as defined in the FASB ASC Master

Glossary. In determining which of the eligible Digital Asset Markets is the Fund’s principal market for each Fund Component, the Fund reviews these criteria in the following order:

- First, the Fund reviews a list of Digital Asset Markets and excludes any Digital Asset Markets that are non-accessible to the Fund and the Authorized Participant(s). As of September 30, 2022, neither the Fund nor the Authorized Participant(s) has access to Digital Asset Exchanges that do not have a BitLicense, which would require a Digital Asset Exchange to follow anti-money laundering (“AML”) and know-your-customer (“KYC”) procedures and have access only to non-Digital Asset Exchange Markets that the Authorized Participant reasonably believes are operating in compliance with applicable law, including federal and state licensing requirements, based upon information and assurances provided to it by each market.
- Second, the Fund sorts the remaining Digital Asset Markets from high to low by entity-specific and market-based volume and activity of each Fund Component traded on each Digital Asset Market in the trailing twelve months.
- Third, the Fund then reviews intra-day pricing fluctuations and the degree of variances in price on Digital Asset Markets to identify any material notable variances that may impact the volume or price information of a particular Digital Asset Market.
- Fourth, the Fund then selects a Digital Asset Market as its principal market for such Fund Component based on the highest market volume, activity and price stability in comparison to the other Digital Asset Markets on the list. Based on information reasonably available to the Fund, Exchange Markets have the greatest volume and level of activity for the Fund Components. The Fund therefore looks to accessible Exchange Markets as opposed to the Brokered Market, Dealer Market and Principal-to-Principal Markets to determine its principal market for each Fund Component. As a result of the aforementioned analysis, an Exchange Market has been selected as the Fund’s principal market for each Fund Component.

The Fund determines its principal market for each Fund Component (or in the absence of a principal market the most advantageous market) annually and conducts a quarterly analysis to determine (i) if there have been recent changes to each Digital Asset Market’s trading volume and level of activity in the trailing twelve months, (ii) if any Digital Asset Markets have developed that the Fund has access to, or (iii) if recent changes to each Digital Asset Market’s price stability have occurred that would materially impact the selection of the principal market and necessitate a change in the Fund’s determination of its principal market for each Fund Component.

The cost basis of the investment in each Fund Component recorded by the Fund for financial reporting purposes is the fair value of the Fund Component at the time of transfer. The cost basis recorded by the Fund may differ from proceeds collected by the Authorized Participant from the sale of the corresponding Shares to investors.

Investment Company Considerations

The Fund is an investment company for GAAP purposes and follows accounting and reporting guidance in accordance with the FASB ASC Topic 946, *Financial Services — Investment Companies*. The Fund uses fair value as its method of accounting for digital assets in accordance with its classification as an investment company for accounting purposes. The Fund is not a registered investment company under the Investment Company Act. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates and these differences could be material.

Review of Financial Results (unaudited)

Financial Highlights for the three months ended September 30, 2022 and 2021

(All amounts in the following table and the subsequent paragraphs, except Share, per Share, each Fund Component and price of each Fund Component amounts, are in thousands)

	Three Months Ended September 30,	
	2022	2021
Net realized and unrealized gain on investments in digital assets	\$ 16,644	\$ 101,946
Net increase in net assets resulting from operations	\$ 15,323	\$ 99,113
Net assets	\$ 189,175	\$ 467,356

Net realized and unrealized gain on investments in digital assets for the three months ended September 30, 2022 was \$16,644, which includes a realized gain of \$474 on the transfer of digital assets to pay the Manager’s Fee, a realized loss of (\$14,895) as of a result of the quarterly rebalance of digital assets, and net change in unrealized appreciation on investments in digital assets of \$31,065. Net increase in net assets resulting from operations was \$15,323 for the three months ended September 30, 2022, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager’s Fee of \$1,321. Net assets increased to \$189,175 at

September 30, 2022, a 9% increase for the three-month period. The increase in net assets resulted from increases in Fund Components prices for the period ended September 30, 2022, partially offset by the withdrawal of approximately 40 BTC, 256 ETH, 10 LTC, 65 LINK, 723 SOL, 96 UNI, 3 BCH, 71,227 ADA, 592 AVAX and 135 DOT to pay the foregoing Manager's Fee.

Net realized and unrealized gain on investments in digital assets for the three months ended September 30, 2021 was \$101,946, which includes a realized gain of \$13,704 on the transfer of digital assets to pay the Manager's Fee and net change in unrealized appreciation on investments in digital assets of \$88,242. Net increase in net assets resulting from operations was \$99,113 for the three months ended September 30, 2021, which consisted of the net realized and unrealized gain on investments in digital assets, less the Manager's Fee of \$2,833. Net assets increased to \$467,356 at September 30, 2021, a 27% increase for the three-month period. The increase in net assets resulted from the contribution of approximately 13 BTC, 77 ETH, 13 BCH, 47 LTC, 310 LINK and 20,953 ADA with a total value of \$935 to the Fund in connection with Share creations during the period, partially offset by the withdrawal of approximately 45 BTC, 262 ETH, 46 BCH, 160 LTC, 1,048 LINK and 70,759 ADA to pay the foregoing Manager's Fee.

Cash Resources and Liquidity

The Fund has not had a cash balance at any time since inception. When selling Fund Components and/or Forked Assets to pay Additional Fund Expenses on behalf of the Fund, the Manager endeavors to sell the exact number of Fund Components and/or Forked Assets needed to pay expenses in order to minimize the Fund's holdings of assets other than the Fund Components. As a consequence, the Manager expects that the Fund will not record any cash flow from its operations and that its cash balance will be zero at the end of each reporting period. Furthermore, the Fund is not a party to any off-balance sheet arrangements.

In exchange for the Manager's Fee, the Manager has agreed to assume most of the expenses incurred by the Fund. As a result, the only ordinary expense of the Fund during the periods covered by this Quarterly Report was the Manager's Fee. The Fund is not aware of any trends, demands, conditions or events that are reasonably likely to result in material changes to its liquidity needs.

Selected Operating Data

	Three Months Ended September 30,	
	2022	2021
(All Fund Component balances are rounded to the nearest whole number)		
BTC:		
Opening balance	6,231	7,340
Creations	-	13
Portfolio rebalancing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	200	(225)
Manager's Fee, related party	(40)	(45)
Closing balance	6,391	7,083
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	6,391	7,083
ETH:		
Opening balance	39,360	45,288
Creations	-	77
Portfolio rebalancing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	1,508	(3,622)
Manager's Fee, related party	(256)	(262)
Closing balance	40,612	41,481
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	40,612	41,481
ADA:		
Opening balance	10,916,583	-
Creations	-	20,953
Portfolio rebalancing ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	451,468	11,256,633
Manager's Fee, related party	(71,227)	(70,759)
Closing balance	11,296,824	11,206,827
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	11,296,824	11,206,827

SOL:

Opening balance	111,216	-
Creations	-	-
Portfolio rebalancing ⁽³⁾⁽⁴⁾⁽⁵⁾	4,253	-
Manager's Fee, related party	(723)	-
Closing balance	114,746	-
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	114,746	-

AVAX:

Opening balance	88,974	-
Creations	-	-
Portfolio rebalancing ⁽⁴⁾⁽⁵⁾	5,714	-
Manager's Fee, related party	(592)	-
Closing balance	94,096	-
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	94,096	-

DOT:

Opening balance	328,187	-
Creations	-	-
Portfolio rebalancing ⁽⁴⁾⁽⁵⁾	(328,052)	-
Manager's Fee, related party	(135)	-
Closing balance	-	-
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	-

LTC:

Opening balance	23,725	26,185
Creations	-	47
Portfolio rebalancing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	(23,715)	(723)
Manager's Fee, related party	(10)	(160)
Closing balance	-	25,349
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	25,349

UNI:

Opening balance	232,687	-
Creations	-	-
Portfolio rebalancing ⁽³⁾⁽⁴⁾⁽⁵⁾	(232,591)	-
Manager's Fee, related party	(96)	-
Closing balance	-	-
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	-

LINK:

Opening balance	158,987	153,328
Creations	-	310
Portfolio rebalancing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	(158,922)	13,460
Manager's Fee, related party	(65)	(1,048)
Closing balance	-	166,050
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	166,050

BCH:

Opening balance	6,314	7,380
Creations	-	13
Portfolio rebalancing ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	(6,311)	(68)
Manager's Fee, related party	(3)	(46)
Closing balance	-	7,279
Accrued but unpaid Manager's Fee, related party	-	-
Net closing balance	-	7,279

Number of Shares:

Opening balance	15,867,400	15,837,800
Creations	-	29,600
Closing balance	15,867,400	15,867,400

	As of September 30,	
	2022	2021
Prices of digital assets on principal market		
BTC	\$ 19,480.51	\$ 43,529.16
ETH	\$ 1,337.53	\$ 2,992.38
ADA ⁽²⁾	\$ 0.43	\$ 2.10
SOL ⁽³⁾	\$ 33.72	N/A
AVAX ⁽⁴⁾	\$ 17.22	N/A
DOT ⁽⁴⁾⁽⁵⁾	N/A	N/A
LTC ⁽⁵⁾	N/A	\$ 151.61
UNI ⁽³⁾⁽⁵⁾	N/A	N/A
LINK ⁽¹⁾⁽⁵⁾	N/A	\$ 23.51
BCH ⁽⁵⁾	N/A	\$ 497.46
NAV per Share	\$ 11.92	\$ 29.45

Digital Asset Reference Rates⁽⁶⁾

BTC	\$ 19,651.65	\$ 43,578.00
ETH	\$ 1,347.62	\$ 2,994.79
ADA ⁽²⁾	\$ 0.43	\$ 2.10
SOL ⁽³⁾	\$ 33.83	N/A
AVAX ⁽⁴⁾	\$ 17.28	N/A
DOT ⁽⁴⁾⁽⁵⁾	N/A	N/A
LTC ⁽⁵⁾	N/A	\$ 151.87
UNI ⁽³⁾⁽⁵⁾	N/A	N/A
LINK ⁽¹⁾⁽⁵⁾	N/A	\$ 23.55
BCH ⁽⁵⁾	N/A	\$ 498.26

Digital Asset Holdings per Share ⁽⁷⁾	\$ 12.02	\$ 29.48
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- (1) Effective April 2, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase LINK in accordance with the Target Coverage Ratio Methodology.
- (2) Effective July 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase ADA in accordance with the Target Coverage Ratio Methodology.
- (3) Effective October 1, 2021, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase SOL and UNI in accordance with the Target Coverage Ratio Methodology.
- (4) Effective April 5, 2022, the Manager adjusted the Fund's portfolio by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase DOT and AVAX in accordance with the Target Coverage Ratio Methodology.

- (5) Effective July 7, 2022 following adoption of the DLCS Methodology, the Fund removed DOT, LTC, UNI, LINK and BCH from the Fund's portfolio and sold the DOT, LTC, UNI, LINK and BCH holdings to purchase additional tokens of the remaining Fund Components in proportion to their respective weightings.
- (6) Prior to July 1, 2022, the Digital Asset Reference Rates were all Index Prices except DOT and AVAX, which were Old Indicative Prices. Effective July 1, 2022 and for the three months ended September 30, 2022, the Digital Asset Reference Rate for each Fund Component is an Indicative Price. As a result, the Digital Asset Reference Rates as of September 30, 2022 are not directly comparable to the Digital Asset Reference Rates as of September 30, 2021.
- (7) Prior to July 1, 2022, the Digital Asset Holdings per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology. Effective July 1, 2022 and for the three months ended September 30, 2022, Digital Asset Holdings per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology. As a result, the Digital Asset Holdings per Share as of September 30, 2022 is not directly comparable to the Digital Asset Holdings per Share as of September 30, 2021. See "Item 1. Business—Investment Objective" and "Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings" in our Annual Report on Form 10-K for additional information.

For accounting purposes, the Fund reflects creations and the Fund Components receivable with respect to such creations on the date of receipt of a notification of a creation but does not issue Shares until the requisite number of Fund Components is received. At this time, the Fund is not accepting redemption requests from shareholders. Subject to receipt of regulatory approval from the SEC and approval by the Manager in its sole discretion, the Fund may in the future operate a redemption program. The Fund currently has no intention of seeking regulatory approval to operate an ongoing redemption program.

As of September 30, 2022, the Fund had a net closing balance with a value of \$190,713,165, based on the Digital Asset Reference Rates in effect under the DLCS Methodology (non-GAAP methodology). As of September 30, 2022, the Fund had a total market value of \$189,176,626, based on the principal market prices.

As of September 30, 2021, the Fund had a net closing balance with a value of \$467,820,901, based on the Digital Asset Reference Rates in effect under the Target Coverage Ratio Methodology (non-GAAP methodology). As of September 30, 2021, the Fund had a total market value of \$467,355,932, based on the principal market prices.

Historical Fund Component Prices

As movements in the price of each Fund Component will directly affect the price of the Shares, investors should understand recent movements in the price of each Fund Component. Investors, however, should also be aware that past movements in each of the Fund Component prices are not indicators of future movements. Movements may be influenced by various factors, including, but not limited to, government regulation, security breaches experienced by service providers, as well as political and economic uncertainties around the world.

The following chart illustrates the movement in the Fund's Digital Asset Holdings per Share based on the Digital Asset Reference Rate of each Fund Component and the Fund's net asset value per Share as calculated in accordance with GAAP from February 1, 2018 to September 30, 2022. Prior to July 1, 2022, the Digital Asset Holdings per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022 and for the three months ended September 30, 2022, the Digital Asset Holdings per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the Digital Asset Holdings per Share for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Holdings per Share in periods prior to July 1, 2022.

Movement in the Digital Asset Holdings per Share (Non-GAAP) and GAAP NAV per Share (Unaudited)



Bitcoin

Prior to July 1, 2022, the Digital Asset Reference Rate for Bitcoin was an Index Price for Bitcoin. Effective July 1, 2022, the Digital Asset Reference Rate for Bitcoin is an Indicative Price for Bitcoin. As a result, the Digital Asset Rates for Bitcoin for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Bitcoin for periods prior to July 1, 2022. The following table illustrates the movements in the Digital Asset Reference Rate for Bitcoin from the beginning of the Fund's operations on February 1, 2018 to September 30, 2022. Since the beginning of the Fund's operations, the Digital Asset Reference Rate has ranged from \$3,164.99 to \$67,352.59, with the straight average being \$20,570.10 through September 30, 2022. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the constituent Digital Asset Exchanges individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
February 1, 2018 to September 30, 2018	\$ 7,738.60	\$ 11,740.56	2/20/2018	\$ 5,879.92	6/29/2018	\$ 6,588.01	\$ 6,672.04
Twelve months ended September 30, 2019	\$ 6,637.10	\$ 13,838.57	6/26/2019	\$ 3,164.99	12/14/2018	\$ 8,283.98	\$ 8,283.98
Twelve months ended September 30, 2020	\$ 8,882.82	\$ 12,344.33	8/17/2020	\$ 4,941.00	3/16/2020	\$ 10,714.86	\$ 10,714.86
Twelve months ended September 30, 2021	\$ 37,557.27	\$ 63,472.70	4/15/2021	\$ 10,520.62	10/2/2020	\$ 43,578.00	\$ 43,578.00
Twelve months ended September 30, 2022	\$ 37,742.69	\$ 67,352.59	11/9/2021	\$ 18,034.01	6/18/2022	\$ 19,651.65	\$ 19,651.65
February 1, 2018 to September 30, 2022	\$ 20,570.10	\$ 67,352.59	11/9/2021	\$ 3,164.99	12/14/2018	\$ 19,651.65	\$ 19,651.65

The following table illustrates the movements in the Digital Asset Market price of Bitcoin, as reported on the Fund's principal market for Bitcoin, from the beginning of the Fund's operations on February 1, 2018 to September 30, 2022. Since the beginning of the Fund's operations, the price of Bitcoin has ranged from \$3,164.61 to \$67,371.70, with the straight average being \$20,569.96:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
February 1, 2018 to September 30, 2018	\$ 7,737.60	\$ 11,770.00	2/20/2018	\$ 5,879.99	6/29/2018	\$ 6,588.01	\$ 6,675.09
Twelve months ended September 30, 2019	\$ 6,637.57	\$ 13,849.81	6/26/2019	\$ 3,164.61	12/14/2018	\$ 8,283.71	\$ 8,283.71
Twelve months ended September 30, 2020	\$ 8,882.90	\$ 12,342.86	8/17/2020	\$ 4,950.39	3/16/2020	\$ 10,708.57	\$ 10,708.57
Twelve months ended September 30, 2021	\$ 37,558.18	\$ 63,466.92	4/15/2021	\$ 10,515.13	10/2/2020	\$ 43,529.16	\$ 43,529.16
Twelve months ended September 30, 2022	\$ 37,741.26	\$ 67,371.70	11/9/2021	\$ 18,026.58	6/18/2022	\$ 19,480.51	\$ 19,480.51
February 1, 2018 to September 30, 2022	\$ 20,569.96	\$ 67,371.70	11/9/2021	\$ 3,164.61	12/14/2018	\$ 19,480.51	\$ 19,480.51

Ethereum

Prior to July 1, 2022, the Digital Asset Reference Rate for Ethereum was an Index Price for Ethereum. Effective July 1, 2022, the Digital Asset Reference Rate for Ethereum is an Indicative Price for Ethereum. As a result, the Digital Asset Rates for Ethereum for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Ethereum for periods prior to July 1, 2022. The following table illustrates the movements in the Digital Asset Reference Rate for Ethereum from the beginning of the Fund's operations on February 1, 2018 to September 30, 2022. Since the beginning of the Fund's operations, the Digital Asset Reference Rate has ranged from \$82.41 to \$4,776.32, with the straight average being \$1,138.35 through September 30, 2022. The Manager has not observed a material difference between the Digital Asset Reference Rate and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
February 1, 2018 to September 30, 2018	\$ 523.76	\$ 1,015.13	2/1/2018	\$ 180.11	9/12/2018	\$ 232.49	\$ 221.87
Twelve months ended September 30, 2019	\$ 179.97	\$ 350.60	6/26/2019	\$ 82.41	12/14/2018	\$ 178.00	\$ 178.00
Twelve months ended September 30, 2020	\$ 223.48	\$ 476.12	9/1/2020	\$ 109.83	3/16/2020	\$ 355.69	\$ 355.69
Twelve months ended September 30, 2021	\$ 1,867.35	\$ 4,090.65	5/12/2021	\$ 340.74	10/6/2020	\$ 2,994.79	\$ 2,994.79
Twelve months ended September 30, 2022	\$ 2,692.59	\$ 4,776.32	11/9/2021	\$ 913.51	6/18/2022	\$ 1,347.62	\$ 1,347.62
February 1, 2018 to September 30, 2022	\$ 1,138.35	\$ 4,776.32	11/9/2021	\$ 82.41	12/14/2018	\$ 1,347.62	\$ 1,347.62

The following table illustrates the movements in the Digital Asset Market price of Ethereum, as reported on the Fund's principal market for Ethereum, from the beginning of the Fund's operations on February 1, 2018 to September 30, 2022. Since the beginning of the Fund's operations, the price of Ethereum has ranged from \$82.34 to \$4,776.95, with the straight average being \$1,138.40:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
February 1, 2018 to September 30, 2018	\$ 523.71	\$ 1,013.98	2/1/2018	\$ 179.69	9/12/2018	\$ 232.47	\$ 222.08
Twelve months ended September 30, 2019	\$ 179.99	\$ 350.76	6/26/2019	\$ 82.34	12/14/2018	\$ 178.13	\$ 178.13
Twelve months ended September 30, 2020	\$ 223.47	\$ 476.23	9/1/2020	\$ 110.29	3/16/2020	\$ 355.34	\$ 355.34
Twelve months ended September 30, 2021	\$ 1,867.44	\$ 4,089.92	5/12/2021	\$ 340.17	10/6/2020	\$ 2,992.38	\$ 2,992.38
Twelve months ended September 30, 2022	\$ 2,692.75	\$ 4,776.95	11/9/2021	\$ 913.24	6/18/2022	\$ 1,337.53	\$ 1,337.53
February 1, 2018 to September 30, 2022	\$ 1,138.40	\$ 4,776.95	11/9/2021	\$ 82.34	12/14/2018	\$ 1,337.53	\$ 1,337.53

Cardano

Effective July 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Cardano in accordance with the Target Coverage Ratio Methodology.

Prior to July 1, 2022, the Digital Asset Reference Rate for Cardano was an Index Price for Cardano. Effective July 1, 2022, the Digital Asset Reference Rate for Cardano is an Indicative Price for Cardano. As a result, the Digital Asset Rates for Cardano for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Cardano for periods prior to July 1, 2022. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on July 1, 2021 to September 30, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for Cardano has ranged from \$0.42 to \$2.99, with the straight average being \$1.20 through September 30, 2022. The Manager has not observed a material difference between the Digital Asset Reference Rate for Cardano and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
July 1, 2021 to September 30, 2021	\$ 1.94	\$ 2.99	9/3/2021	\$ 1.08	7/20/2021	\$ 2.10	\$ 2.10
Twelve months ended September 30, 2022	\$ 1.01	\$ 2.31	10/2/2021	\$ 0.42	7/13/2022	\$ 0.43	\$ 0.43
July 1, 2021 to September 30, 2022	\$ 1.20	\$ 2.99	9/3/2021	\$ 0.42	7/13/2022	\$ 0.43	\$ 0.43

The following table illustrates the movements in the Digital Asset Market price of Cardano, as reported on the Fund's principal market for Cardano, from the addition of the token to the Fund's portfolio on July 1, 2021 to September 30, 2022. Since the addition of the token to the Fund's portfolio, the price of Cardano has ranged from \$0.42 to \$2.99, with the straight average being \$1.20:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
July 1, 2021 to September 30, 2021	\$ 1.94	\$ 2.99	9/3/2021	\$ 1.08	7/20/2021	\$ 2.10	\$ 2.10
Twelve months ended September 30, 2022	\$ 1.01	\$ 2.31	10/2/2021	\$ 0.42	7/13/2022	\$ 0.43	\$ 0.43
July 1, 2021 to September 30, 2022	\$ 1.20	\$ 2.99	9/3/2021	\$ 0.42	7/13/2022	\$ 0.43	\$ 0.43

Solana

Effective October 1, 2021, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Solana in accordance with the Target Coverage Ratio Methodology.

Prior to July 1, 2022, the Digital Asset Reference Rate for Solana was an Index Price for Solana. Effective July 1, 2022, the Digital Asset Reference Rate for Solana is an Indicative Price for Solana. As a result, the Digital Asset Rates for Solana for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Solana for periods prior to July 1, 2022. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on October 1, 2021 to September 30, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for Solana has ranged from \$28.04 to \$254.78 with the straight average being \$101.64 through September 30, 2022. The Manager has not observed a material difference between the Digital Asset Reference Rate for Solana and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
October 1, 2021 to September 30, 2022	\$ 101.64	\$ 254.78	11/6/2021	\$ 28.04	6/18/2022	\$ 33.83	\$ 33.83

The following table illustrates the movements in the Digital Asset Market price of Solana, as reported on the Fund's principal market for Solana, from the addition of the token to the Fund's portfolio on October 1, 2021 to September 30, 2022. Since the addition of the token to the Fund's portfolio, the price of Solana has ranged from \$28.04 to \$254.44 with the straight average being \$101.65:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
October 1, 2021 to September 30, 2022	\$ 101.65	\$ 254.44	11/6/2021	\$ 28.04	6/18/2022	\$ 33.72	\$ 33.72

Avalanche

Effective April 5, 2022, the Manager adjusted the Fund's portfolio in connection with its quarterly review by selling the existing Fund Components in proportion to their respective weightings and using the cash proceeds to purchase Avalanche in accordance with the Target Coverage Ratio Methodology.

Prior to July 1, 2022, the Digital Asset Reference Rate for Avalanche was an Old Indicative Price for Avalanche. Effective July 1, 2022, the Digital Asset Reference Rate for Avalanche is an Indicative Price for Avalanche. As a result, the Digital Asset Rates for Avalanche for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Reference Rates for Avalanche for periods prior to July 1, 2022. The following table illustrates the movements in the Digital Asset Reference Rate from the addition of the token to the Fund's portfolio on April 5, 2022 to September 30, 2022. Since the token was added to the Fund's portfolio, the Digital Asset Reference Rate for Avalanche has ranged from \$14.62 to \$95.06 with the straight average being \$32.11 through September 30, 2022. The Manager has not observed a material difference between the Digital Asset Reference Rate for Avalanche and average prices from the constituent Digital Asset Exchanges included in the relevant index individually or as a group.

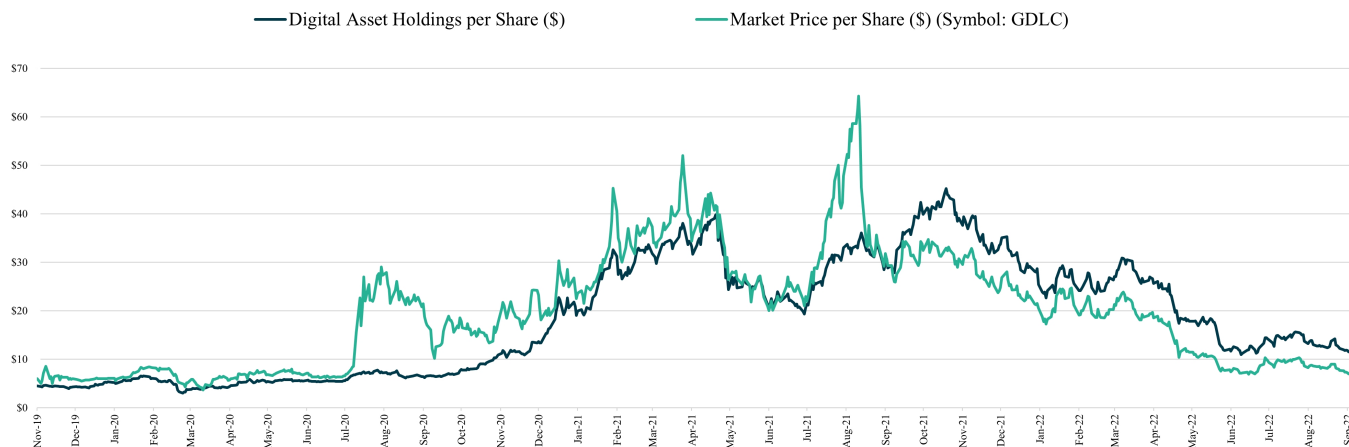
Period	Average	High		Low		End of period	Last business day
		Digital Asset Reference Rate	Date	Digital Asset Reference Rate	Date		
April 5, 2022 to September 30, 2022	\$ 32.11	\$ 95.06	4/5/2022	\$ 14.62	6/19/2022	\$ 17.28	\$ 17.28

The following table illustrates the movements in the Digital Asset Market price of Avalanche, as reported on the Fund's principal market for Avalanche, from the addition of the token to the Fund's portfolio on October 1, 2021 to September 30, 2022. Since the addition of the token to the Fund's portfolio, the price of Avalanche has ranged from \$14.18 to \$93.01 with the straight average being \$31.88:

Period	Average	High		Low		End of period	Last business day
		Digital Asset Market Price	Date	Digital Asset Market Price	Date		
April 5, 2022 to September 30, 2022	\$ 31.88	\$ 93.01	4/5/2022	\$ 14.18	6/18/2022	\$ 17.22	\$ 17.22

The following chart sets out the historical closing prices for the Shares as reported by OTCQX and the Fund’s Digital Asset Holdings per Share. Prior to July 1, 2022, the Digital Asset Holdings per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022 and for the three months ended September 30, 2022, the Digital Asset Holdings per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the Digital Asset Holdings per Share for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Holdings per Share in periods prior to July 1, 2022.

GDLC Premium/(Discount): GDLC Share Price vs. Digital Asset Holdings per Share (\$)



The following chart sets out the historical premium and discount for the Shares as reported by OTCQX and the Fund’s Digital Asset Holdings per Share. Prior to July 1, 2022, the Digital Asset Holdings per Share was calculated based on the Fund Components held by the Fund pursuant to the Target Coverage Ratio Methodology and using Index Prices or Old Indicative Prices. Effective July 1, 2022 and for the three months ended September 30, 2022, the Digital Asset Holdings per Share is calculated based on the Fund Components held by the Fund pursuant to the DLCS Methodology and using Indicative Prices. As a result, the Digital Asset Holdings per Share for periods subsequent to July 1, 2022 are not directly comparable to the Digital Asset Holdings per Share in periods prior to July 1, 2022.

GDLC Premium/(Discount): GDLC Share Price vs. Digital Asset Holdings per Share (%)



Item 3. Quantitative and Qualitative Disclosures about Market Risk

The LLC Agreement does not authorize the Fund to borrow for payment of the Fund's ordinary expenses. The Fund does not engage in transactions in foreign currencies which could expose the Fund or holders of Shares to any foreign currency related market risk. The Fund does not invest in derivative financial instruments and has no foreign operations or long-term debt instruments.

Item 4. Controls and Procedures

The Fund maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Principal Executive Officer and Principal Financial and Accounting Officer of the Manager, and to the audit committee of the Board of Directors of the Manager, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager, the Manager conducted an evaluation of the Fund's disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e). Based on this evaluation, the Principal Executive Officer and the Principal Financial and Accounting Officer of the Manager concluded that the Fund's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There was no change in the Fund's internal controls over financial reporting that occurred during the Fund's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, these internal controls.

PART II – OTHER INFORMATION:

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors last reported under “Item 1A. Risk Factors” of the registrant’s Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of equity securities by the issuer and affiliated purchasers —The table below sets forth information regarding open market purchases of Shares of Grayscale Digital Large Cap Fund LLC (OTCQX: GDLC) by DCG, the parent company of the Sponsor, on a monthly basis during the three months ended September 30, 2022:

Period	(a) Total Number of Shares of GDLC Purchased	(b) Average Price Paid per Share of GDLC	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions)
July 1, 2022 - July 31, 2022	-	\$ -	-	\$ 200.0
August 1, 2022 - August 31, 2022	-	-	-	200.0
September 1, 2022 - September 30, 2022	-	-	-	200.0
Total	-	\$ -	-	\$ 200.0

- (1) On March 2, 2022, the Board of the Manager approved the purchase by DCG, the parent company of the Manager, of up to an aggregate total of \$200 million worth of Shares of the Fund and shares of any of the following five investment products the Manager also acts as the sponsor and manager of, including Grayscale Bitcoin Trust (BTC) (OTCQX: GBTC), Grayscale Bitcoin Cash Trust (BCH) (OTCQX: BCHG), Grayscale Ethereum Trust (ETH) (OTCQX: ETHE), Grayscale Ethereum Classic Trust (ETC) (OTCQX: ETCG), and Grayscale Stellar Lumens Trust (XLM) (OTCQX: GXLM). Subsequently, DCG authorized such purchase. The Share purchase authorization does not obligate DCG to acquire any specific number of Shares in any period, and may be expanded, extended, modified, or discontinued at any time. From July 1, 2022 through September 30, 2022, DCG did not purchase any Shares of the Fund under this authorization.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Changes to the Audit Committee of the Board of Directors of the Manager

On November 4, 2022, the Manager of the Fund appointed Hugh Ross, Chief Operating Officer of the Manager, to serve on the Audit Committee of the Board. Mr. Ross replaced Barry E. Silbert on the Audit Committee, who will remain as Chairman of the Board. Effective November 4, 2022, the Audit Committee consists of Michael Sonnenshein, Edward McGee, and Hugh Ross.

Hugh Ross, Chief Operating Officer

Hugh Ross, 55, is the Chief Operating Officer of the Manager since February 2021. Prior to joining the Manager, Mr. Ross served twelve years as Chief Operating Officer of Horizon Kinetics LLC, a New York-based investment manager where he was responsible for the operating infrastructure and various digital asset initiatives. During the ten years immediately preceding his tenure at Horizon Kinetics, Mr. Ross was a Vice President with Goldman Sachs & Co. where he served as Chief Operating Officer of the long-only investment manager research team then-known as Global Manager Strategies (“GMS”), within Goldman Sachs Asset Management (“GSAM”). Mr. Ross also served as a compliance officer for both GSAM and Goldman’s Private Wealth Management business. Prior to joining Goldman Sachs, Mr. Ross worked as an in-house counsel for a transfer agent and started his career as a securities industry attorney representing broker-dealers and investment advisers. Mr. Ross is a graduate of the Goizueta Business School at Emory University (B.B.A) and New York Law School (J.D.).

Item 6. Exhibits

Exhibit Number	Exhibit Description
4.1	<u>Participant Agreement, dated October 3, 2022, between Grayscale Investments, LLC and Grayscale Securities, LLC (incorporated by reference to Exhibit 4.1 of the periodic report on Form 8-K filed by the Registrant on October 3, 2022).</u>
10.1	<u>Distribution and Marketing Agreement, dated October 3, 2022, between Grayscale Investments, LLC and Grayscale Securities, LLC (incorporated by reference to Exhibit 10.1 of the periodic report on Form 8-K filed by the Registrant on October 3, 2022).</u>
31.1	<u>Certification of Principal Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.</u>
31.2	<u>Certification of Principal Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.</u>
32.1	<u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.</u>
32.2	<u>Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the Fund's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.</u>
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File—The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.

* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

GLOSSARY OF DEFINED TERMS

“Actual Exchange Rate”—With respect to any particular asset, at any time, the price per single unit of such asset (determined net of any associated fees) at which the Fund is able to sell such asset for U.S. dollars (or other applicable fiat currency) at such time to enable the Fund to timely pay any Additional Fund Expenses, through use of the Manager’s commercially reasonable efforts to obtain the highest such price.

“Additional Fund Expenses”—Together, any expenses incurred by the Fund that are not Manager-paid Expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders (including in connection with any Forked Assets), (iii) any indemnification expenses of the Custodian or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

“Administrator Fee”—The fee payable to any administrator for services it provides to the Fund, which the Manager will pay such administrator as a Manager-paid Expense.

“Authorized Participant”—Certain eligible financial institutions that have entered into an agreement with the Fund and the Manager concerning the creation of Shares. Each Authorized Participant (i) is a registered broker-dealer, (ii) has entered into a Participant Agreement with the Manager and (iii) owns a digital wallet address that is known to the Custodian as belonging to the Authorized Participant or such Authorized Participant’s Liquidity Provider.

“Avalanche” or **“AVAX”**—A type of digital asset based on an open-source cryptographic protocol existing on the Avalanche network.

“Basket”—A block of 100 Shares.

“Basket Amount”—The sum of (x) the Fund Component Basket Amounts for all Fund Components, (y) the Forked Asset Portion and (z) the Cash Portion, in each case, as of such trade date.

“Bitcoin” or **“BTC”**—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin network.

“Bitcoin Cash” or **“BCH”**—A type of digital asset based on an open-source cryptographic protocol existing on the Bitcoin Cash network.

“Blockchain” or **“blockchain”**—The public transaction ledger of a Digital Asset Network on which miners or mining pools solve algorithmic equations allowing them to add records of recent transactions (called “blocks”) to the chain of transactions in exchange for an award of digital assets from a Digital Asset Network and the payment of transaction fees, if any, from users whose transactions are recorded in the block being added.

“Cardano” or **“ADA”**—A type of digital asset based on an open-source cryptographic protocol existing on the Cardano network.

“Cash Account”—Any bank account of the Fund in which the Fund holds any portion of its U.S. dollars.

“Cash Portion”—For any trade date, the amount of U.S. dollars determined by dividing (x) the amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time) held by the Fund at 4:00 p.m., New York time, on such trade date by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“Chainlink” or **“LINK”**—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Code”—The U.S. Internal Revenue Code of 1986, as amended.

“Creation Basket”—Basket of Shares issued by the Fund in exchange the transfer of the Total Basket Amount required for each such Creation Basket.

“Custodial Services”—The Custodian’s services that (i) allow digital assets to be deposited from a public blockchain address to the Fund’s Digital Asset Accounts and (ii) allow the Fund and the Manager to withdraw digital assets from the Fund’s Digital Asset

Accounts to a public blockchain address the Fund or the Manager controls pursuant to instructions the Fund or Manager provides to the Custodian.

“Custodian”—Coinbase Custody Trust Company, LLC.

“Custodian Fee”—Fee payable to the Custodian for services it provides to the Fund, which the Manager shall pay to the Custodian as a Manager-paid Expense.

“Custodian Agreement”—The Amended and Restated Custodial Services Agreement, dated as of June 29, 2022, by and between the Fund, Manager and Custodian that governs the Fund’s and Manager’s use of the Custodial Services provided by the Custodian as a fiduciary with respect to the Fund’s assets.

“DCG”—Digital Currency Group, Inc.

“Digital Asset Account”—Each segregated custody account controlled and secured by the Custodian to store private keys of the Fund, which allow for the transfer of ownership or control of the Fund’s digital assets on the Fund’s behalf.

“Digital Asset Exchange”—An electronic marketplace where exchange participants may trade, buy and sell digital assets based on bid-ask trading. The largest Digital Asset Exchanges are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

“Digital Asset Exchange Market”—The global exchange market for the trading of digital assets, which consists of transactions on electronic Digital Asset Exchanges.

“Digital Asset Holdings”—The aggregate value, expressed in U.S. dollars, of the Fund’s assets less the U.S. dollar value of its liabilities and expenses calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings” in our Annual Report on Form 10-K. See also “Item 1. Business—Investment Objective” in our Annual Report for a description of the Fund’s NAV, as calculated in accordance with GAAP.

“Digital Asset Holdings Fee Basis Amount”—The U.S. dollar value on which the Manager’s Fee accrues, as calculated in the manner set forth under “Item 1. Business—Valuation of Digital Assets and Determination of Digital Asset Holdings” in our Annual Report on Form 10-K.

“Digital Asset Market”—A “Brokered Market,” “Dealer Market,” “Principal-to-Principal Market” or “Exchange Market,” as each such term is defined in the Financial Accounting Standards Board Accounting Standards Codification Master Glossary.

“Digital Asset Network”—The online, end-user-to-end-user network hosting a public transaction ledger, known as a Blockchain, and the source code comprising the basis for the cryptographic and algorithmic protocols governing such Digital Asset Network. See “Item 1. Business—Overview of the Digital Asset Industry and Market” in our Annual Report on Form 10-K.

“Digital Asset Reference Rate”—With respect to any Fund Component (and, if possible, each Forked Asset) as of any business day, the price in U.S. dollars of such Fund Component (and, if possible, each Forked Asset), as determined by reference to the Index Price or an Indicative Price (or prior to July 1, 2022, an Old Indicative Price) reported by CoinDesk Indices, Inc. for such Fund Component (and, if possible, each Forked Asset) as of 4:00 p.m., New York time, on any business day.

“Distribution and Marketing Agreement”—The agreement among the Manager and the distributor and marketer, which sets forth the obligations and responsibilities of the distributor and marketer.

“DLCS”—The CoinDesk Large Cap Select Index (DLCS).

“DLCS Methodology”—The criteria that a digital asset must meet to be eligible for inclusion in the DLCS, as determined from time to time by the Index Provider.

“DTC”—The Depository Trust Company. DTC is a limited purpose trust company organized under New York law, a member of the U.S. Federal Reserve System and a clearing agency registered with the SEC. DTC will act as the securities depository for the Shares.

“DTC Participant”—A direct participant in DTC, such as a bank, broker, dealer or trust company.

“Ethereum” or “ETH”—Ethereum tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Ethereum Proof-of-Work” or “ETHPoW”—A type of digital currency based on an open source cryptographic protocol existing on the Ethereum Proof-of-Work network, which came into existence following the Ethereum hard fork on September 15, 2022.

“Exchange Act”—The Securities Exchange Act of 1934, as amended.

“FINRA”—The Financial Industry Regulatory Authority, Inc., which is the primary regulator in the United States for broker-dealers, including Authorized Participants.

“Forked Asset”—Any asset other than cash that is held by the Fund at any time other than a Fund Component, including (i) any right, arising from a fork, airdrop or similar occurrence, to acquire (or otherwise establish dominion and control over) any digital asset or other asset or right and (ii) any digital asset or other asset or right acquired by the Fund through the exercise of a right described in the preceding clause (i), in each case, until such time as the Manager designates such asset as a Fund Component.

“Forked Asset Portion”—For any Trade Date, the amount of U.S. dollars determined by dividing (x) the aggregate value in U.S. dollars of the Fund’s Forked Assets at 4:00 p.m., New York time, on such Trade Date (calculated, to the extent possible, by reference to Digital Asset Reference Rates) by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

“Fund Accounts”—The Cash Account and the Digital Asset Accounts, collectively.

“Fund Component”—A digital asset designated as such by the Manager in accordance with the policies and procedures set forth in our Annual Report on Form 10-K.

“Fund Component Aggregate Liability Amount”—For any Fund Component and any trade date, a number of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such trade date and (y) the Fund Component Expense Amount as of 4:00 p.m., New York time, on such trade date.

“Fund Component Basket Amount”—As of any trade date, the number tokens of such Fund Component required to be delivered in connection with each Creation Basket, as determined by dividing the number of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date, after deducting the applicable Fund Component Aggregate Liability Amount, by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (i.e., carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100.

“Fund Component Fee Amount”—For any day, the number of tokens of each Fund Component payable as the Manager’s Fee.

“Fund Documents”—The LLC Agreement and Custodian Agreement, collectively.

“Fund Rebalancing Period”—Any period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in our Annual Report on Form 10-K. For purposes of the Limited Liability Company Agreement, the term Fund Rebalancing Period shall mean the Fund Rebalancing Period as defined herein.

“GAAP”—United States generally accepted accounting principles.

“Genesis”—Genesis Global Trading, Inc., a wholly owned subsidiary of Digital Currency Group, Inc., which as of the date of this Quarterly Report, is the only acting Liquidity Provider.

“Grayscale Securities”—Grayscale Securities, LLC, a wholly owned subsidiary of the Manager, which as of the date of this Quarterly Report, is the only acting Authorized Participant.

“Index License Agreement”—The license agreement, dated as of February 1, 2022, between the Reference Rate Provider and the Manager governing the Manager’s use of data collected from the Digital Asset Exchanges trading digital assets selected by the Reference Rate Provider for calculation of the Digital Asset Reference Rates.

“Index Provider”—CoinDesk Indices, Inc., a Delaware corporation that designed and manages the DLCS. DCG is the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. is an affiliate of the Manager and the Fund and is considered a related party of the Fund.

“Index Price”—A price for a Fund Component determined by the Reference Rate Provider by further cleansing and compiling the trade data used to determine the Indicative Price in such a manner as to algorithmically reduce the impact of anomalous or manipulative trading.

“Index Rebalancing Period”—Any period during which the Index Provider reviews for rebalancing the DLCS in accordance with the policies and procedures set forth in our Annual Report on Form 10-K.

“Indicative Price”—A volume-weighted average price in U.S. dollars for a Fund Component as of 4:00 p.m., New York time, for the immediately preceding 60-minute period derived from data collected from Digital Asset Exchanges trading such Fund Component selected by the Reference Rate Provider.

“Investment Advisers Act”—U.S. Investment Advisers Act of 1940, as amended.

“Investment Company Act”—U.S. Investment Company Act of 1940, as amended.

“Investor”—Any investor that has entered into a subscription agreement with an Authorized Participant, pursuant to which such Authorized Participant will act as agent for the investor.

“IRS”—The U.S. Internal Revenue Service, a bureau of the U.S. Department of the Treasury.

“Liquidity Provider”—A service provider engaged by an Authorized Participant to source digital assets on behalf of the Authorized Participant in connection with the creation of Shares.

“Litecoin” or “LTC”—Litecoin tokens, which are a type of digital asset based on an open-source cryptographic protocol existing on the Litecoin network.

“LLC Agreement”—The Second Amended and Restated Limited Liability Company Agreement establishing and governing the operations of the Fund, as the same may be amended from time to time.

“Manager”—Grayscale Investments, LLC, or any substitute therefor as provided herein, or any successor thereto by merger or operation of law.

“Manager-paid Expenses”—The fees and expenses incurred by the Fund in the ordinary course of its affairs, excluding taxes, that the Manager is obligated to assume and pay, including: (i) the Marketing Fee, (ii) the Administrator Fee, (iii) fees for the Custodian and any other security vendor engaged by the Fund (iv) the Transfer Agent Fee, (v) the fees and expenses related to the listing, quotation or trading of the Shares on any secondary market (including customary legal, marketing and audit fees and expenses) in an amount up to \$600,000 in any given Fiscal Year, (vi) ordinary course legal fees and expenses, (vii) audit fees, (viii) regulatory fees, including, if applicable, any fees relating to the registration of the Shares under the Securities Act or the Exchange Act and fees relating to registration and any other regulatory requirements in the Cayman Islands, (ix) printing and mailing costs, (x) costs of maintaining the Fund’s website and (xi) applicable license fees with respect to the Fund.

“Manager’s Fee”—A fee that accrues daily in U.S. dollars at an annual rate of 2.5% of the Fund’s Digital Asset Holdings Fee Basis Amount as of 4:00 p.m., New York time, and will generally be paid in the Fund Components then held by the Fund in proportion to such Fund Components’ respective Weightings. For any day that is not a business day or in a Fund Rebalancing Period, the Manager’s Fee will accrue in U.S. dollars at a rate of 2.5% of the most recently calculated Digital Asset Holdings Fee Basis Amount of the Fund. The Manager’s Fee is payable to the Manager monthly in arrears.

“Marketing Fee”—Fee payable to the marketer for services it provides to the Fund, which the Manager will pay to the marketer as a Manager-paid Expense.

“NAV”—The net asset value of the Fund determined on a GAAP basis.

“Old Indicative Price”—A volume-weighted average price in U.S. dollars for the Fund Component for the immediately preceding 24-hour period derived from data collected from Digital Asset Exchanges trading such Fund Component selected by the Reference Rate Provider.

“OTCQX”—The OTCQX tier of OTC Markets Group Inc.

“Participant Agreement”—An agreement entered into by an Authorized Participant with the Manager that provides the procedures for the creation of Baskets and for the delivery of digital assets required for Creation Baskets.

“Polkadot” or “DOT”—A type of digital asset based on an open-source cryptographic protocol existing on the Polkadot network.

“Polygon” or “MATIC”—A type of digital asset based on an open-source cryptographic protocol existing on the Ethereum network.

“Reference Rate Provider”—CoinDesk Indices, Inc., a Delaware corporation that publishes the Digital Asset Reference Rates. DCG is the indirect parent company of CoinDesk Indices, Inc. As a result, CoinDesk Indices, Inc. is an affiliate of the Manager and the Fund and is considered a related party of the Fund.

“SEC”—The U.S. Securities and Exchange Commission.

“Secondary Market”—Any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including but not limited to, the OTCQX tier of OTC Markets Group Inc.

“Securities Act”—The Securities Act of 1933, as amended.

“Securities Exchange Act” or “Exchange Act”—The Securities Exchange Act of 1934, as amended.

“Shares”—Equal, fractional, undivided interests in the profits, losses, distributions, capital and assets of, and ownership of, the Fund with such relative rights and terms as set out in the LLC Agreement.

“Solana” or “SOL”—A type of digital asset based on an open-source cryptographic protocol existing on the Solana network.

“Target Coverage Ratio Methodology”—The criteria, established by the Manager, that the Fund used to determine which digital assets would be included in the Fund Components, prior to July 1, 2022.

“Total Basket Amount”—The Basket Amount multiplied by the number of Baskets being created or redeemed.

“Transfer Agency and Service Agreement”—The agreement between the Manager and the Transfer Agent which sets forth the obligations and responsibilities of the Transfer Agent with respect to transfer agency services and related matters.

“Transfer Agent”—Continental Stock Transfer & Trust Company, a Delaware corporation.

“Transfer Agent Fee”—Fee payable to the Transfer Agent for services it provides to the Fund, which the Manager will pay to the Transfer Agent as a Manager-paid Expense.

“Uniswap” or “UNI”—A type of digital asset based on an open-source cryptographic protocol existing on the Uniswap network.

“U.S.”—United States.

“U.S. dollar,” “USD” or “\$”—United States dollar or dollars.

“Weighting”—For any Fund Component, the percentage of the total U.S. dollar value of the aggregate Fund Components at any time that is represented by tokens of such Fund Component.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned in the capacities* indicated, thereunto duly authorized.

Grayscale Investments, LLC
as Manager of Grayscale Digital Large Cap Fund
LLC

By: /s/ Michael Sonnenshein _____

Name: Michael Sonnenshein

Title: Member of the Board of Directors and
Chief Executive Officer (Principal
Executive Officer)*

By: /s/ Edward McGee _____

Name: Edward McGee

Title: Chief Financial Officer (Principal Financial
Officer and Principal Accounting Officer)*

Date: November 4, 2022

* The Registrant is a fund and the persons are signing in their capacities as officers or directors of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Sonnenshein, certify that:

1. I have reviewed this quarterly report of Grayscale Digital Large Cap Fund LLC ("Fund");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2022

/s/ Michael Sonnenshein

Michael Sonnenshein *
Chief Executive Officer (Principal Executive Officer)

* The Registrant is a fund and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION OF PRINCIPAL FINANCIAL AND ACCOUNTING OFFICER PURSUANT TO RULE 13a-14(a)
AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Edward McGee, certify that:

1. I have reviewed this quarterly report of Grayscale Digital Large Cap Fund LLC ("Fund");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2022

/s/ Edward McGee

Edward McGee *
Chief Financial Officer (Principal Financial and
Accounting Officer)

* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Registrant.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Sonnenshein, Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Michael Sonnenshein

Michael Sonnenshein *

Chief Executive Officer (Principal Executive Officer)

November 4, 2022

* The Registrant is a fund and Mr. Sonnenshein is signing in his capacity as Principal Executive Officer of Grayscale Investments, LLC, the Manager of the Fund.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Grayscale Digital Large Cap Fund LLC (the “Fund”) on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Edward McGee, Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Fund, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

/s/ Edward McGee

Edward McGee *

Chief Financial Officer (Principal Financial and
Accounting Officer)

November 4, 2022

* The Registrant is a fund and Mr. McGee is signing in his capacity as Principal Financial and Accounting Officer of Grayscale Investments, LLC, the Manager of the Fund.